

**The Education of Economists: Social Norms and the Academy in the  
Canadian Context**

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## **Summary**

This dissertation centres upon the learning processes and social norms associated with two distinct strands of economic thinking – one loosely heterodox and the other mainstream, or “neo-classical.” My intention is to examine the learning processes and consequent beliefs of a range of Canadian economists, especially macroeconomists<sup>1</sup>. To achieve this goal, I have undertaken a number of comparative case studies within the Canadian context. These have generated data from a survey of 100 academic economists as well as a series of in-depth interviews with 58 Canadian economists across the political and methodological spectra. My results have drawn from the contributions of a total of 158 respondents.

This thesis aims to examine economics education in the Canadian context, charting the rise of neoclassical economics from the 1970s onwards while examining the educational processes, choice of language, social norms, and views of human nature to be found among a variety of Canadian economists with differing political orientations. This may help to identify the role economics education has played in shaping the economic landscape in Canada, and how Canadian economists’ learning processes have emphasised or minimised certain assumptions about public policy and human nature that differ from what is taught – implicitly or explicitly – elsewhere.

In a field that is, among the social sciences, by far the most resistant to knowledge from other disciplines, Canadian academic economists are by all appearances global outliers. My research suggests that they are significantly more open to knowledge from other disciplines than groups of economists elsewhere; relative to American academic economists, they are almost twice as likely to believe that

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<sup>1</sup> Macroeconomics is the study of the market as a whole – internationally and at the national level – as opposed to the study of individual markets (microeconomics).

interdisciplinary knowledge is better than knowledge generated from a single field, and the older cohorts surpass even U.S. sociologists in this regard.

My research also suggests that social norms may have a more profound effect on economists' beliefs than their formal education in economics, and that historical and institutional factors – especially during economists' formative years – may have a life-long impact on Canadian economists' political beliefs. There also appear to be educational, geographical, and cohort-related effects on economists' beliefs that, together with the effects of Canadian social norms, combine to form an image of a discipline that is less polarised, more pro-interdisciplinarity, and substantially more accepting of a role for government in economic policy than that of their economist brethren in the U.S.

*For my sisters  
and  
for Michael "Justice" Murphy,  
the best uncle in the world*



## **Preface**

This dissertation is the result of my own work and includes nothing that is the outcome of work done in collaboration except as specified in the text. It is not substantially the same as any that I have submitted, or, is being concurrently submitted for a degree or diploma or other qualification at the University of Cambridge or any other University or similar institution. I further state that no substantial part of my dissertation has already been submitted, or, is being concurrently submitted for any such degree, diploma or other qualification at the University of Cambridge or any other University or similar institution. It does exceed the prescribed word limit for the Faculty of Education Degree Committee.





## Acknowledgements

Everyone thanks her thesis supervisor first, but in my case this is not merely a convention; if all supervisors were like Phil Gardner, academia would be both kinder and more learned. I simply could not have done this without Phil.

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<sup>2</sup> Particular thanks to my cousin Kathleen Murphy and her family, who housed me during several weeks of fieldwork in Toronto. Also: without the influence of my wonderful (and wonderfully eccentric) uncle Michael in my life, I would never have completed a PhD. In some ways I owe him everything. Thank you, Michael.



## Table of Contents

Summary .....	3
Preface .....	7
Acknowledgements .....	9
Table of Contents .....	11
List of Acronyms .....	13
Guide to Canadian Think Tanks .....	15
Introduction .....	17
Literature Review .....	27
Economic Geography .....	28
Autodidacticism, Deschooling, & Learner-Centred Education .....	31
Economics Education .....	35
From Academia to Policy .....	40
Economics Education as Socialisation .....	42
Canadian Economists .....	49
Methodology .....	54
Critical Theory, Institutionalism, & Critique of Social Network Analysis .....	54
Case Studies .....	59
Interviewing Elites .....	61
Interviews .....	64
Analysis & Within-Group Anonymity .....	79
Surveys .....	81
Relational Ethics/Access .....	84
Generalisability .....	92
Positionality .....	94
Researching “Back Home” .....	96
Plain Language .....	97
Results .....	100
Economists’ Formative Years .....	100
Peers’ and Teachers’ Influence .....	107
Time Off .....	108
Undergraduate & Graduate School .....	110
Diversity in the Economics Profession .....	113
Economics Education .....	124
Why Did You Become An Economist? .....	130
Critiques of Economics Education .....	138
Learning, Curiosity, & Multidisciplinarity .....	152
Hierarchy .....	157
Departments’ Political Orientations .....	163
Economics Education in Canada, the U.S., & the UK .....	171
Economists’ Views on Inequality .....	179
Economists’ Views on Tax Evasion .....	203
Economists’ Views on Altruism/Self-Interest .....	210
Discussion .....	222
The Homogeneity of Canadian Economists .....	222
The Cohort Effect .....	224
Canadian Economists in Space and Time .....	229
Diversity in Economics .....	236
Economists’ Critiques of the Discipline .....	238
Hierarchy in the Canadian Economics Profession .....	240
The Effects of Canadian Social Norms .....	241
Canadian Economists’ Views on Inequality and Tax Evasion .....	244
The Future of Economics Education in Canada .....	247
Final Summary .....	254
References .....	258
Appendix I – Future Research Questions .....	274
Appendix II – Recommendations .....	278
Appendix III – Usury, Capital Gains, & Carbon Taxes .....	281
Appendix IV – Panel of Canadian Economists .....	302
Appendix V – Future Interviews .....	303



## **List of Acronyms**

AEA – American Economic Association  
B.C. – British Columbia (third most populous Canadian province)  
CABE – Canadian Association for Business Economists  
CAUT – Canadian Association of University Teachers  
CCPA – Canadian Centre for Policy Alternatives  
CEA – Canadian Economic Association  
CJE – Canadian Journal of Economics  
COMER – Committee on Monetary and Economic Reform  
CRA – Canadian Revenue Agency  
CUPE – Canadian Union of Public Employees  
CUSO – Canadian University Students Overseas  
GDP – Gross Domestic Product  
GFC – Great Financial Crisis  
IB – International Baccalaureate  
IMF – International Monetary Fund  
INET – Institute for New Economic Thinking  
IRPP – Institute for Research on Public Policy  
LSE – London School of Economics  
OECD – Organisation for Economic Co-operation and Development  
PEF – Progressive Economics Forum  
RBC – Real Business Cycle  
RESP – Registered Education Savings Plan  
RRSP – Registered Retirement Savings Plan  
SFU – Simon Fraser University  
TSFA – Tax-Free Savings Account  
VAT – Value-Added Tax  
UBC – University of British Columbia  
UK – United Kingdom  
U.S. – United States



## Guide to Canadian Think Tanks

Name	Description	Political Orientation
Canadian Centre for Policy Alternatives (CCPA)	Public policy think tank with several regional offices; largest sources of funds are individuals and project funding.	Left-wing/heterodox
C.D. Howe Institute	Economics-focused think tank with the most influence on government; largest sources of funds are academic, individual, and corporate donations.	Centre-right/mainstream
Committee on Monetary and Economic Reform (COMER)	Economics-focused think tank with limited individual membership and very little funding (largest funding source is individuals).	Left-wing/heterodox
The Conference Board of Canada	Public policy think tank with a fee-for-service model; largest funding source is private research commissions.	Centre-right
The Fraser Institute	Public policy think tank with a few regional offices; largest funding sources are individuals and corporations.	Right-wing/free-market
Institute for Research on Public Policy (IRPP)	Public policy think tank; largest funding source is an endowment (largely government-funded) that is running down.	Centre
Progressive Economics Forum (PEF)	Economics-focused forum (online and events-based); largest funding sources are unions and individuals.	Left-wing/heterodox





## Introduction

Easily overlooked as the mild-mannered cousin of the United States, Canada has enjoyed an unusual amount of attention in recent years – first in response to its comparatively strong performance in the wake of the 2007-2009 financial crisis (Freeland, 2010; *The Economist*, 2010) and again in the midst of the refugee crisis and controversial “Muslim ban” enacted by the Trump administration, with global-reach media highlighting the Canadian approach – and attitude – towards immigration and refugee settlement. *The Guardian*, for example, published a piece celebrating Canada’s “post-nationalist” identity as a contrast to the rise in nationalist xenophobia elsewhere (Foran, 2017). In an article entitled “Canada, Leader of the Free World,” *The New York Times*’ Nicholas Kristof wrote:

Canada’s leaders nurtured multiculturalism into a sacred part of the country’s identity. As the rest of the world bangs the doors shut, Canadians celebrate their openness — and, polls show, now take more pride in multiculturalism than in hockey.

“The results in Canada have been spectacular,” noted Jonathan Tepperman in a recent book, *The Fix*, which explores government successes around the world, including Canada’s immigration policy. “They turned a small, closed, ethnically homogeneous state into a vibrant global powerhouse and one of the most open and successful multicultural nations in the world.” (2017)

Yet as Canada enjoys its rare moment in the sun, it is in corresponding degree ignored by academia – including its own academics – and has been for some time (Emery, Simpson, & Tapp, 2013). In an era in which the world continues to struggle with the aftermath of the financial crisis and the attendant questions of banking and housing sector regulation, and with xenophobic politics and social movements on the rise, Canada represents a potential counterpoint to other Western nations.

Yet the Canadian case remains significantly under-studied, as are its policymakers, many of whom – as elsewhere – are themselves economists or defer to economists for the purposes of policy analysis and advice (Ferraro, Pfeffer, & Sutton, 2005; French, Leyshon, & Thrift, 2009). Although there are hundreds of studies of this powerful and influential group – economists – in the U.S. context, this is not even proportionally the case in Canada. The research that follows aims to help fill this important research gap – a goal that may be particularly timely, given the intractable issues currently facing the global community – by concentrating attention on the

chronically understudied Canada and, arguably, some of its most influential thought leaders and policymakers: economists.

This research centres upon the nature of the learning processes and social norms associated with two distinct strands of economic thinking – heterodox<sup>3</sup> economics and mainstream neoclassical<sup>4</sup> economics.<sup>5</sup> What follows compares the ideas and influences of self-taught heterodox economists, as exemplified by the Committee on Monetary and Economic Reform (COMER), with highly-educated heterodox members of the Progressive Economics Forum (PEF); academically educated right-wing think tank economists, such as those employed by the Fraser Institute; economists from centre or centre-right think tanks such as the C.D. Howe Institute, the Conference Board of Canada, and the Institute for Research on Public Policy (IRPP); and economists from the Canadian Centre for Policy Alternatives (CCPA), a left-wing think tank.<sup>6</sup> Alongside these two broad groupings – the self-taught and the formally-educated and -trained – this research also examines more closely the education of – loosely defined – ‘mainstream’ and ‘heterodox’ economists,

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<sup>3</sup> “Heterodox” economics refers to the orientation of (often, but not always) socially and economically progressive economists who buck the neoclassical trend currently dominating economics departments. As is the case for many such simplifying terms used throughout this thesis, it is imprecise and contested.

<sup>4</sup> Some, such as Tony Lawson (2013), have recommended retiring the term “neoclassical” as it is imprecise and is often employed in a derogatory fashion. Throughout this thesis I occasionally employ the term “neoclassical” to refer to the mainstream among Canadian economists – the loose consensus among a majority of economists – even though the term is vague and, at times, somewhat misleading; this is because it is the term used in many discussions of the topic, and indeed the term recurs in many conversants’ quotations throughout this dissertation. I do, however, recognise its limitations and its use should be viewed critically.

<sup>5</sup> It should be noted that the use of descriptive terms such as “left-wing,” “right-wing,” “mainstream,” and even “heterodox” and “neoclassical” are simplified representations of what is, in fact, a non-linear arrangement of political views along several axes. The notion of a political spectrum is itself suspect, as “left” and “right” have both been associated with a variety of ideological standpoints along social, economic, and other axes. The lack of terminological exactitude here is in fact a reminder of the need for research of this kind in order to construct a more nuanced image of Canadian economists’ beliefs. Although such terms are simplistic, and in ways that could be a barrier to the diversification of the field of economics, there is nevertheless value in mapping out the political orientations of Canadian economists and thus it is necessary to use language – even inexact language – to identify clusters of opinions and assumptions among groups of economists.

<sup>6</sup> Please refer to the Guide to Canadian Think Tanks table for reference throughout the dissertation.

whether in academic posts, serving as the chief economists of Canada's largest banks, or working as economists at the Bank of Canada.

### *Research Questions*

My research questions are as follows:

1. How do Canadian economists differ from economists in other countries, especially the U.S. and the UK?
2. To what extent have autodidactic<sup>7</sup> and institutional approaches to learning, at both the secondary and post-secondary level, influenced Canadian economists' political orientations, social norms, views of human nature, and relationships with – as well as attitudes towards – other economists across the political spectrum?
3. Which factors – education, geography, Canadian and American social norms, the historical development of economics as a discipline, and/or the age at which economists were first exposed to the field – appear to have influenced Canadian economists' political beliefs, views of human nature, and social norms?
4. How do Canadian economists view the discipline, and what are their critiques and defences of the way it is currently taught?

I have explored these questions by way of a systematic documentary analysis, in-depth interviews, and a widely disseminated survey. This research design centres on the educational experiences and political orientations of the following, which together comprise my eleven case studies:

- A group of self-taught heterodox economists (COMER)
- A group of professed progressive economists with a mixed educational background (PEF)

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<sup>7</sup> Self-taught.

- A group of central bankers with established institutional credentials (Bank of Canada)
- The chief economists of Canada's largest private banks
- A sample of academic economists from the 12 top-rated economics departments in the country
- Economists from think tanks across the political spectrum (Fraser Institute, C.D. Howe Institute, Conference Board of Canada, IRPP, and CCPA)
- Two journalists who cover economic and financial issues in Canada – one from the Globe and Mail, Canada's most widely-read national newspaper, and one from The Economist, a highly influential international (UK-based) publication.

My fieldwork data were generated through interviews with my conversants<sup>8</sup> and surveys of their colleagues within the broader ecosystem of Canadian economists. This research was informed by the literature on economics education; Canadian economists; economic geography; and autodidactic, learner-centred, and extrinsically-motivated learning. My theoretical approach draws chiefly from critical theory, and as such what follows is dedicated to questioning accepted wisdom, observing prevailing patterns of socialisation, and analysing the discourse and power structures underlying societal norms and beliefs.

I will progress through this thesis as follows: first with an exploration of the relevant literatures informing this study, then an examination of the methodological foundations of the research, followed by an examination of results from the 58 in-depth interviews and the associated survey of 100 academic economists. The discussion section to follow will tie together themes that emerged throughout the dissertation, concluding with suggestions towards a theory of economics education as well as recommendations for future research in the field.

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<sup>8</sup> I use the term "conversant" throughout this thesis – from the obsolete Oxford English Dictionary definition: "A person who 'converses' or is intimate with another; a familiar acquaintance." ("Conversant," 2017) – as it is the only term that captures the sense of equals conversing; other options, such as informant or interviewee, imply that information passes in one direction only and/or that there is a power differential present in the conversation. Thus everyone I interviewed is a conversant, as am I.

This thesis seeks to investigate the ways in which citizens in Canada – economists and otherwise – learn about economics, especially macroeconomics. This is an important field of inquiry because the nature, extent, and efficacy of economics learning greatly influences citizens' views of economic policies and the political and ethical orientations they reflect. Education in general, but especially within fields imbued with social legitimacy and political power, can play an important role in perpetuating or disrupting certain political discourses – either directly or through the legitimacy it confers upon certain individuals, groups, ideas, and behaviours.

The level of citizens' economic literacy helps to determine the extent to which they are able to hold their leaders to account, and to have their ideas taken seriously by what C. Wright Mills famously referred to as the power elite (1959). In *The German Ideology*, Marx and Engels declared that, "The ideas of the ruling class are, in every epoch, the ruling ideas" (Marx & Engels, 1974), and in this sense this research is also a critical theoretical and institutional examination of the academic context that informs the views of elite economists and how they differ from those of self-taught economists. There is of course a gap – in both power and knowledge – between elite economists and the citizenry, including autodidact economists, and this itself warrants further examination and explanation given the problematic way in which mainstream economic thought has informed policy at times.

Mainstream economics has traditionally enjoyed power and legitimacy that heterodox economics has not been accorded. The intersection of these two poles of economic thinking – heterodox and mainstream – occurs along the political spectrum, of course, but also has an important temporal axis; the history of economics education during the Great Depression and thereafter – its evolution through Keynesian economics to free-market economics and beyond, and the public policy that flowed from such academic and political orientations – certainly reflects this. In this case history charts the rise of the power and legitimacy of free-market economics over the past few decades.

This historical shift has, of course, affected economists' thinking and therefore social norms more broadly. The conscious and unconscious ethical orientations adopted by economists – by many accounts strongly influenced by their academic experiences (B. Frank & Schulze, 2000; R. H. Frank, Gilovich, & Regan, 1993; D.

Kahneman, Knetsch, & Thaler, 1986; Marwell & Ames, 1981; Wang, Malhotra, & Murnighan, 2011) – are not hermetically sealed from the rest of the population. Prosocial<sup>9</sup> behaviour can follow from a belief in humans' tendency towards cooperation as opposed to selfishness (Ghoshal, 2005), and a lack of prosocial beliefs and behaviour on the part of the purveyors of economic wisdom could in fact influence the perceptions and actions of economics students, policymakers, and society more generally.

An investigation into how economics and economic issues are learned, formally or informally, offers important insights into the ways in which education influences beliefs. Equally important is the differential legitimacy conferred upon some forms of economics education and not others, leading to questions as to what constitutes academic knowledge in economics, and how it is legitimated (Dumitrica, 2010). Such a question implicates discourse and power analyses, necessitating research based on the theoretical frameworks of institutionalism and critical theory.

As a field, economics presents three advantages for a study of this kind. First, economics education directly influences students in other fields – an estimated 40% of all undergraduates in the U.S. take at least one course in economics, regardless of their major (Siegfried & Walstad, 2014); that figure is likely similar in Canada, although exact numbers are not available. Second, economics is an academic discipline almost universally attended to by policymakers (Ferraro et al., 2005; French et al., 2009); mainstream economists' discourse and worldview are often dominant among the media and within the political realm. Third, both groups, academics and policymakers, comprise practitioners with broadly similar educational backgrounds, with advancement in the field increasingly dependent on institutional legitimacy and external qualifications (Fourcade, 2006) as well as insider knowledge of terminology and technology (French et al., 2009). Studies have shown that a large majority of economics graduates, but especially business school graduates,<sup>10</sup> are

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<sup>9</sup> "Prosocial" refers to cooperation, generosity, egalitarianism, and so on – traits, beliefs, and behaviours that are associated with altruism as opposed to self-interest or selfishness.

<sup>10</sup> Throughout the dissertation I refer to business schools on occasion. This is for several reasons: first, a large percentage of professors with expertise (and PhDs) in economics are now to be found in business schools rather than economics departments; second, the rise of business schools has had a significant role to play in the development of economics education (and related fields such as finance) as well as in terms of political economy and legal developments that have had wide-reaching effects on politics, the law, accounting, and more; and third, two of the top-ranked economics departments in

educated in the United States or in American-style programs abroad (Pfeffer & Fong, 2004) and therefore, as students of an international field of study and policymaking, have an even more standardised educational experience than in other academic subjects. The increasing opacity and insularity of the discipline of economics, globally wide-reaching as it is, has had significant implications in terms of public scrutiny of national and international financial institutions (Harvey, 2007) and, thus, could affect democratic decision-making itself.

Think tanks, on the other hand, directly contribute to discussions of public policy and may be necessarily less insular than their academic counterparts. Thus several of my case studies include think tanks of various political orientations. COMER<sup>11</sup> occupies the loosely social democratic wing of the political spectrum in Canada, while the Fraser Institute occupies the opposite – loosely libertarian, market-oriented – end of the spectrum. It is precisely these organisations' inverse relationship to each other that renders them instructive case studies for understanding how knowledge about economics is shaped by different forms of learning (Flyvbjerg, 2006). A comparison between the two permits a close examination of the limits of Canadian economic ideology; unaffiliated conversants may be more easily assigned to points along the political spectrum according to their views of these two organisations. This is especially important as regards the case studies of Bank of Canada economists and academic economists, who often are not as readily classifiable politically as are their counterparts in COMER, the Progressive Economics Forum (PEF), and the Fraser Institute. The PEF case study represents a more formally educated, better-known version of COMER, which helps to illuminate some of the effects formal economics education may have on legitimacy and ideology, even among heterodox economists. The PEF encompasses “a wide range of

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Canada are in fact business schools, which means that they play a significant role in the ecosystem of economics education in the country. For these reasons it would be distortionary to neglect business schools as a part of the field of economics in Canada. Nevertheless it is worth emphasising that business schools are very different from economics departments, and the two should not be conflated – in this thesis or otherwise.

<sup>11</sup> At times throughout this study, when one of my conversants had not heard of COMER and its work, I substituted COMER for the Canadian Centre for Policy Alternatives (CCPA) or the Progressive Economics Forum (PEF). These two groups are much better-known among economists, and the CCPA served as a proxy for left-wing economic thought in economist Stephen Tapp's analysis of Canadian economists' political orientations (as in my study, the Fraser Institute served as the opposite pole).

unorthodox economists from institutionalist, feminist, Marxian and Post Keynesian perspectives” (King, 2002, p. 151).

Of course, economists from within my eleven case studies enjoy differing levels of legitimacy in the eyes of one another and among policymakers and the media. It would appear that economists from academia, government, and the major banks enjoy greater legitimacy than others. Formally accredited economists also tend to be cited more often in the media and have an easier time getting their ideas accepted as the basis for public policy than do academics or practitioners in other fields (Ferraro et al., 2005).

COMER members, and other non-traditional economists, do not enjoy such influence. It is vital to my study – and to any such study based in critical theory – to question mainstream and heterodox economics equally, and indeed there appear to be reasonable critiques of both approaches. The COMER group has largely been dismissed by the mainstream due to its frequent use of hyperbolic language, ill-advised forays into organised politics,<sup>12</sup> and reputational issues stemming from the public profiles of individual members<sup>13</sup>. Few of its members have qualifications deemed legitimate by mainstream academic economists. As a group it is marginalised to the extent that most of its proposals are not discussed at all by mainstream economists, and in fact many of my elite interviewees had not heard of COMER’s main arguments and policy recommendations nor, indeed, of COMER’s very existence. Media coverage of COMER’s court case against the Government of Canada<sup>14</sup> has been almost non-existent. The PEF may be said to represent a less strident expression of the ideas propounded by COMER, and it has avoided many of COMER’s pitfalls. But like COMER, the PEF is very rarely quoted in the media, and its ideas appear to have had a limited impact on policy. In contrast, the ideas and proposals of mainstream academic economists have carried great weight, both in Canada and abroad (Ferraro et al., 2005).

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<sup>12</sup> Through a COMER offshoot called the Canadian Action Party, for example, a group that garnered 0.21% of the popular vote nationwide at its height.

<sup>13</sup> Paul Hellyer, former Cabinet Minister and founder of the Canadian Action Party, was famously featured in a VICE Magazine profile, which focused on his belief in aliens.

<sup>14</sup> COMER members Bill Krehm and Ann Emmett – both conversants in my study – sued the Government of Canada for its underuse of the Bank of Canada; they held that the Bank of Canada Act allowed – even obligated – the federal and provincial governments to borrow from the Bank of Canada at low or no interest.



The need for study of this kind – as part of a growing, if as yet still modest, trend towards critical studies of elites, and as a still-rarer examination of the socialisation of economists – is evident: economists play a large role in influencing policy decisions at all levels of governance locally, nationally, and internationally, and there are very few studies of this group. But this particular study seeks to be distinctive in other ways as well. First, there are almost no systematic studies of contemporary autodidacts, let alone autodidact economists, aside from individual biographies; to my knowledge, this is the first study to examine any of the world's many alternative economics groups.

Moreover, economics education – and the economics profession more generally – has come under fire in the aftermath of the 2007-2009 financial crisis; student groups have erupted in protest all over the world, organising around demands for curricular change amidst widespread critiques of the discipline (Inman, 2014; Schiffman, 2004). Research investigating these critiques is vanishingly rare, yet may be increasingly relevant, especially because there has been almost no coverage of the economic pluralism movement in Canada to date. What follows may help to fill that gap.

Indeed, this research bucks a trend that has seen Canadian issues increasingly ignored by Canadian academics; there is less explicitly Canadian content now than in previous decades among the works of professors and graduate students alike (Emery et al., 2013). This study can claim to be one of a small and shrinking number of works on Canadian issues. Within this ever-diminishing field, it would appear that Canadian economists have rarely been subject to sustained examination – especially in recent decades – whereas there are countless studies of economists from the U.S., the UK, and various European countries.

The lack of research into Canadian economists' contributions to economic thought in the past is mirrored in the dearth of work on the current economic climate and discourse in Canada. In the most recent federal election in October of 2015, Canada elected a party whose leader, Justin Trudeau, had made an explicit argument for deficit spending, a rarity for a country that had largely avoided critical debate about austerity economics prior to the election. As an article in Institutional Investor put it, "The Liberal Party of Canada's landslide win over the Conservatives was a massive upset, a sign that voters wanted change on several fronts, including Canada's stance on refugees, the environment, international diplomacy and – most significant –

austerity economics” (MacLellan, 2015). By promising to run modest yearly deficits of \$10 billion Canadian (0.5% of GDP) for three years, Trudeau had “outflanked” the more left-wing New Democratic Party (Geddes, 2015). More importantly, he appeared to have been successful in explaining Keynesian fiscal policy to the Canadian public; according to an Abacus poll, “[t]he consensus of Canadians seemed to be that while many wished the government had spent less money (67% agree), even more people felt that while they ‘would rather not have such a large deficit, it’s probably the right choice for now’. (70% agree)” (Bruce Anderson & Coletto, 2016).

Such data seem to indicate at least a grudging acceptance of deficit spending, and of the logic behind Trudeau’s proposal to stimulate the economy. In the aftermath of such a stunning election upset – the Conservatives had been in power for nearly ten years at the time, since 2006, and the New Democratic Party had been in the lead for a majority of the campaign period – it seems a particularly apt time for a close examination of the development of economic thought and opinion in the Canadian context, and an apposite moment to seek to rectify the relative neglect of these issues in the scholarly literature.

## Literature Review

What follows is an exploration of the literature relevant to the above questions – those concerning economic geography, autodidactic or learner-centred education, economics education, research involving elites, and the limited existing work centring on Canadian economists and their educational backgrounds. The literature concerning autodidacticism and learner-centred education directly addresses issues relating to the learning processes of both self-taught and institutionally educated economists. This is doubly important because of the ways in which pre-university education may affect later orientations towards economics as a discipline and, indeed, the choice to study economics in the first place. Economic geography literature is important because it situates Canadian economists – and the Canadian economy – in time and space, illuminating some of the effects of Canada's particular historical trajectory and its relationships with the U.K. and the U.S., as the two most significant influences on Canada's economic, historical, linguistic, cultural, and educational development. The literature concerning economics education gets at the core of my research questions. It suggests that economists' educational experiences may have a pronounced, and very specific, effect on their view of human nature and therefore their beliefs and behaviour, as well as their political and ethical orientations. It is to this body of literature that my research may contribute the most, especially as it relates to the economics education literature that examines the extent to which educational socialisation may affect baseline assumptions and, indeed, beliefs and behaviour. Finally, the literature concerning research among elites is essential to any study of highly-educated and -respected professionals whose work influences public policy. There are considerations specific to research among elites that are necessary to gain access to, and collect suitable data from, economists across Canada.

These bodies of literature come together in several ways. Together they form a picture of economists socially/societally, intellectually/psychologically, spatially/historically, practically/methodologically, and, of course, educationally. The use of literature from a wide variety of academic disciplines recognises that economists, and indeed communities of economists, are the product of interacting internal and external influences that shape their learning, socialisation, and political orientations.

If academic attention has not been applied adequately to Canadian issues and to elite economists as a group, this is especially true of Canadian economists. Yet Canadian economists may, in this period of economic history, be in a position to play a disproportionate role globally due to nearly universal approbation for Canada's performance during and after the 2007-2009 financial crisis. It is useful to view these events – and Canada's role in them – from the perspective of the field of economic geography, an approach that emphasises the role of time and space in the spread of capital, ideas, and social norms. It is also important in exploring the ways in which Canadian national identity – especially that which is based in geopolitical, historical, and economic relationships with powerful allies – may have helped to shape how economics is conceived of and taught in Canada.

Financial geography, a particularly relevant subset of economic geography, has charted the rise of the financial sector within and among national economies and the regulatory 'race to the bottom' between the U.S. and the UK (Gordon L. Clark, 2005; French et al., 2009), whose major financial centres – New York and London, respectively – achieved dominance in global finance from the 1980s onwards (Hall, 2007; Wojcik, 2011b). This wholesale deregulation of the financial industry, starting in the 1970s in the U.S., spread sequentially to the UK, the rest of Europe, and emerging markets in the ensuing decades (Wojcik, 2011), while Canada remained largely on the sidelines – a notable exception to the trend.

This was an international trend, after all. Neoclassical economists replaced Keynesians at the IMF during this period – particularly from the 1980s onwards – and after the 2007-2009 financial crisis the IMF's own Independent Evaluation Office concluded that the IMF's failure to foresee the impending financial crisis was in large part due to "groupthink" (IEO, 2011, pg. 17). But although there seems to have been an ideological and discursive shift towards market-oriented thinking and policies beginning in the late 1970s in Canada and among its closest allies (Baragar & Seccareccia, 2008; Dalton, 2009; Goodhart, 2016), the results turned out very differently in terms of policy. The ensuing deregulation of the banking industry in the 1990s allowed the two countries' banking systems to diverge markedly; in Canada, to the extent that deregulation happened, it created a further consolidation of the sector, whereas it resulted in the shadow banking system in the U.S. (Bordo, Redish, &

Rockoff, 2015; Knight, 2012). And while the governing Liberals followed governments elsewhere in implementing their “fiscal revolution of the 1990s” (Baragar & Seccareccia, 2008, p. 63), posting fiscal surpluses – at the expense of social expenditures (Dalton, 2009) – that bolstered the financial markets, added to household debt, and contributed to the well-documented shift towards financialisation of the economy more generally (Baragar & Chernomas, 2012; Baragar & Seccareccia, 2008; Eichengreen, 2016; Seccareccia, 2012; Walks, 2014), the Canadian government was strangely hyper-involved in the process of financialisation, especially in the housing market (Walks & Clifford, 2015).<sup>15</sup>

In spite of significant deregulatory pressures among other wealthy nations, over the course of decades Canada has done things somewhat differently. Although Canada’s outsize troubles during the 1980s downturn<sup>16</sup> should be accorded its share of explanatory power, it is also possible that this discrepancy is – in part – due to Canadians’ beliefs about economics and the role of the financial sector.

In the lead-up to the crisis, the literature shows that the increase in relative wealth of finance workers in the United States, the epicentre of global financial activity, far outstripped that of any other sector in the previous two decades and constituted the largest single factor contributing to national income inequality (Wojcik, 2011). This was not true in Canada, where income and wealth inequality remained markedly lower than in the U.S. (and somewhat lower than in the UK), despite having risen in the last few decades (Veall, 2012). Intergenerational mobility in Canada is remarkably high relative to both other countries, and indeed is comparable to that of Scandinavia (ibid.).

Similarly, technology was increasingly used to bridge time and space (Harvey, 2007; French et al., 2009); “spatial fixes” were used to maintain high returns, while limits were converted into barriers to be overcome with new financial instruments (Harvey, 2011). Some of these instruments were used to allow overseas investors to diversify their holdings in mortgages, dispersing their risk through securitisation<sup>17</sup>;

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<sup>15</sup> The Canada Mortgage and Housing Corporation helped securitise mortgages directly, which was uncommon for a government-owned company.

<sup>16</sup> The recession in the early 1980s was particularly bad for Canada, which experienced higher interest rates, inflation, and unemployment than the U.S. at the time and Canada itself post-GFC (IMF, 2010, p. 36). There were also two bank failures in this period, the first in Canada since 1923 and therefore a great shock (Crow, 2002, p. 159).

<sup>17</sup> Packaging mortgages together and slicing and dicing them such that each investor held a sliver of many mortgages.

this allowed investors to invest from great distances without the fear of catastrophic default, or so it was thought (Diamond & Rajan, 2009). In Canada, again, the system operated very differently; because all of the country's largest banks already held a mix of mortgages across the country, unlike American banks' more regional holdings, Canadian banks had a greatly reduced need to diversify geographically and thus tended not to securitise and sell off the mortgages on its books.

Although it is generally agreed that the 2007-2009 crisis originated in the United States (Kumhof & Ranciere, 2011; Rajan, 2010; Reinhart & Rogoff, 2008) and spread elsewhere, the reach of the crisis and its aftermath was truly international. Much has been written about many of the affected countries – Ireland, Iceland, the United Kingdom, the Netherlands, Spain, Italy, and Greece in particular (Aalbers, 2009; French et al., 2009; Martin, 2011; Wainwright, 2012) – but few scholars have attended to the question of how Canada escaped relatively unscathed, especially since its economy was and is so deeply dependent on the United States; indeed, throughout its history Canada has always followed its neighbour into economic recessions and economic booms alike, with the sole exception of the 2007-2009 financial crisis (Klyuev, 2008).<sup>18</sup> Yet academic scholarship has largely failed to address the question of why Canadian economists and policymakers followed such divergent practices relative to their British and American counterparts.

Indeed, Canada's regulatory regimes and institutions have endured even in the face of pressure from the country's most important trading partners – the United States and the United Kingdom – to follow them down the deregulatory route. A recently released 1997 memo written by the U.S. Secretary of the Treasury at the time, Lawrence H. Summers, demonstrates the extent to which the deregulation of the banking industry in the U.S. was viewed as dependent upon similar changes in regulations at a global level (Palast, 2013); as America's most significant trading partner, Canada would have been under great pressure to deregulate its banks.<sup>19</sup>

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<sup>18</sup> My MSc thesis in the Department of Geography and the Environment at the University of Oxford explored the reasons for Canada's relative success during and after the financial crisis, concluding that a constellation of factors – many of them structural, legislative, and supervisory in nature – contributed to the country's resilience. What is still missing from the picture, however, is how such structures, laws, and supervisory arrangements arose in the first place and how they have persisted despite considerable resistance.

<sup>19</sup> As confirmed by my earlier research: "Asked whether they had been pressured to follow the U.S. in deregulating the financial industry, former Finance Minister Ralph Goodale laughed, 'Any speech from Alan Greenspan is a bit of pressure!' (Quigley, 2012).

The careers of economists, investment bankers, and financial theorists such as Robert Shiller (Shiller, 2003, 2005), Frank Partnoy (Partnoy, 2009), and Nassim Taleb (Taleb, 2007), all of whom predicted the United States' housing bubble's collapse and the ensuing mayhem, have met with great acclaim, even as the reputations of most economists and financiers have plummeted. Canada as a whole may have experienced a similar ascendancy, viewed as a country whose foresight saved it from the worst effects of the fallout from the market crash in 2007. In consequence, its global voice, in favour of or in opposition to policy prescriptions on the international stage, is accorded disproportionate weight. Its (now former) Governor of the Bank of Canada, Mark Carney, was appointed to head the international Financial Stability Board and then, as the first foreigner to occupy such a position, became the Governor of the Bank of England. Similarly, former banking regulation superintendent Julie Dickson was appointed to the European Central Bank's oversight panel, and so on. Canada's banking system has also been cited as having anticipated some aspects of the international Basel III agreement,<sup>20</sup> having already implemented some of the guidelines ahead of the 2007-2009 financial crisis (Bordo et al., 2015). In light of this newfound prominence in the global financial realm as a consequence of its emergence from the GFC apparently unscathed,<sup>21</sup> it is an apposite moment to explore the cultural, intellectual, and educational milieu from which emerged now-global leaders such as Mark Carney and others.

### *Autodidacticism, Deschooling, and Learner-Centred Education*

This thesis concerns the learning processes of autodidactic and institutionally educated<sup>22</sup> economists in Canada, at the secondary and post-secondary levels, and presents case studies representing both poles of the autodidacticism/institutionalisation spectrum. As such, the literature concerning

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<sup>20</sup> Guidelines for the global banking sector.

<sup>21</sup> Although there is a widespread belief in Canada's resilience during and after the crisis, its performance was in fact more mixed (Quigley, 2012).

<sup>22</sup> "Autodidactic" means "self-taught," and by institutionally educated I mean formally educated in economics at the high school and/or post-secondary level.

autodidacticism, deschooling,<sup>23</sup> and learner-centred education is highly relevant, especially as it relates to the experience of COMER members, most of whom lack formal training in economics. Much of the literature on deschooling and learner-centred education addresses the moral dimension of the learning process, which is also deeply relevant to the question as to whether economics education – independent or institutional – affects learners’ moral orientations, attitudes towards human nature, and prosocial behaviour.

Carl Rogers, one of the preeminent psychoanalysts and education commentators of the past century, was centrally interested in learning that influences behaviour – what he called self-discovered learning (Rogers, 1990a) or the “person-centred” mode (Rogers, 1990c). Learning was seen to be a process rather than an end, with the goal of facilitating one’s evolution as a person and inculcating the values of genuineness, acceptance/trust, and empathetic understanding; the goal of the teacher was correspondingly seen as the facilitation of learning rather than teaching per se (Rogers, 1990b). Rogers argued that this approach resulted in better educational outcomes as well as an improved moral sense among learners.

Rogers’ propositions have found support in the literature concerning intrinsic motivation in the learning process; some research (Kohn, 1999 *inter alia*; Pink, 2009) has pointed to data indicating that curiosity-driven learning produces better results than learning based on extrinsically motivating factors. Other researchers, however, have found that discovery-based independent learning is less effective than traditional guided learning except in the case of already-proficient learners (Kirschner & Clark, 2006). Such disagreements are difficult to resolve, as it may be possible for traditional guided learning to be supplemented in such a way as to spark learners’ intrinsic motivation, or at least not inhibit it.

Critiques of institutionalised education and its effect on societal beliefs and practices have formed the basis of much work in this area. John Holt’s classic “How Children Fail” was widely circulated among practitioners prior to its eventual publication (1981); it critiqued approaches to schooling that fostered in students a fear of failure, a preoccupation with finding the ‘right’ answer instead of engaging in real learning, and the resulting disengagement from learning and loss of what Holt considered to be children’s natural sense of curiosity. Similarly Paolo Freire, in his

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<sup>23</sup> “Deschooling” is defined in many ways, but at its essence it involves no formal curriculum, hierarchy, or strictures; students are driven by curiosity and learn at their own pace and direction.



widely-read treatise, advocated for the co-creation of knowledge between learner and teacher within the public education system as an alternative to a pedagogical approach that helped to reinforce existing power relations (2000).

Here critical theory ties in with critiques of universal public education; Ivan Illich, in his 1971 and 1973 works, identifies the link between the institutionalisation of education and the institutionalisation of society and the role specialised knowledge plays in the legitimisation of elites' positions in society (1971, 1973). Similarly, in *Schooling in Capitalist America*, authors Bowles and Gintis maintain that education helps to reinforce and justify inequality by "integrating new generations into the social order" (1976, p. 102). Henry Giroux (2006, *inter alia*) and others within the critical pedagogy tradition maintain that education involves, or can involve, the development of agency; critical pedagogy examines the relationships between knowledge, power, and authority. These authors emphasise learners' roles as engaged citizens in society and question who controls the production of knowledge, elucidating education's role in disrupting or reinforcing social realities.

Indeed, the question of legitimacy is a central one. "The legitimacy of the authority of superiors flows not from social contrivance but from Science and Reason," (Bowles & Gintis, 1976, p. 105) – also the basis of legitimacy in economics as a discipline, as it relies on science and rationality to bolster its legitimacy relative to the other social sciences. Economics departments' (and business schools') well-documented shift towards positivism and econometrics (Siegfried & Walstad, 2014) could be considered to be an effort to boost the authority of the field within the academic and political realms (Augier & March, 2011; Khurana, 2007).

Illich proposed, instead of institutionalised education, "deschooling" – the creation of informal webs in which learners could freely exchange knowledge and skills with one another (1971). Illich's manifesto aligns with the autodidactic approach to learning – curiosity-driven, informal education undertaken by the learner him- or herself and/or in groups, as is the case for most COMER members. For Illich, the de-institutionalisation of education translated into the de-institutionalisation of society. While formal schooling is associated with authority, control, and mandatory structured learning (Sawchuk, 2003), informal learning represented a means of questioning society's base assumptions and power structures.

Informal learning is difficult to study, and moreover it is viewed as less legitimate than formal education; for this reason there is a relative dearth in academic treatment of the subject (McGivney, 2006). There is, however, a long tradition of radical adult self-education – autodidacticism – from the early 19<sup>th</sup> century onwards, especially in Britain (Rose, 2001), where it formed an element of the class struggle that characterised that era (Crowther, 2006). Informal learning, for the working class, was a way of challenging elites' interpretation of the truth and of questioning unexamined assumptions about capitalism and public life (Gallacher, Edwards, & Whittaker, 2006) – a tradition along the lines of a critical theoretical approach.

Among contemporary economists, especially those deemed to be economists by their peers, autodidacticism is extremely rare – almost an artefact of history. Many early economists were not formally educated, however; as the well-known economist Kenneth J. Arrow wrote:

John Stuart Mill, [...] to the best of my knowledge, never faced a class; and Mill, of course, followed, even slavishly, the work of David Ricardo, not a professor but a retired businessman. W. Stanley Jevons, who certainly is one of the original figures of neoclassical economics, was essentially self-taught. Léon Walras had an economist father; but he seems to have spent his youth trying to find some other occupation; and his work reflects no great influence from his father [...]. Francis Edgeworth, Irving Fisher, Vilfredo Pareto and Knut Wicksell all seem to have acquired their economic knowledge by reading [...]  
(Arrow, 2004, p. xi).

One might perhaps add Karl Marx to Arrow's list, but in any event, it is an impressive tally of self-taught economists – and one that could not be replicated in the present day. In recent years a doctorate has been, in all but the rarest of circumstances, necessary to attain a teaching position; higher education in some form is perceived to be necessary to gain a position as an economist in non-academic institutions as well. The autodidact economist is now a rare breed, and is thus even more worthy of study.

The literature concerning economics education, especially at the post-secondary level, is at the heart of this study. Formal economics education has undergone significant changes in the past several decades. Ideologically, the shift from Keynesianism in the post-WWII period to free-market neoclassical economics from the 1970s onwards charted the intellectual zeitgeist, while structurally, economics came to occupy a privileged position in academia over the same period. This is particularly evident when it comes to business schools, especially those in the United States. Canada experienced a similar trend, however, and my conversants represent the range of ideologies that have accompanied the changing zeitgeist of the past few decades.

Most business schools in North America were established in the early 1900s, and for the first several decades “business schools were seen by many academics as using poorly educated faculty to provide intellectually undemanding vocational training for students of limited talent” (Augier & March, 2011, pg. 28). Following on the heels of influential reports from the RAND Corporation and the Ford Foundation, the post-war period saw the development of several overlapping trends meant in part to legitimise business schools as academic institutions; computational methods and a scientific approach began to dominate economics departments and business schools alike, while economics and finance began to infiltrate business schools’ curricula (Khurana, 2007; Augier & March, 2011). This process followed a pattern: the scientisation of business education began not at the top institutions but at lower-tier universities trying to make a name for themselves (Fourcade & Khurana, 2013).

For economics departments, the balance of the curriculum began to shift substantially, and the result was twofold:

The high cost of learning advanced mathematics has tended to push more descriptive and factual material out of the curriculum. One result is a declining level of empirical knowledge from generation to generation. Another is that students cannot even consider that the tools they have laboured so hard to master might not be the best tools for approaching all economic problems (Lipsey, 2001, p. 18).

The trend in business schools was similar; indeed, they share many common roots. “The impact on business education of scholars trained in, and primarily

oriented toward, the discipline of economics went beyond the particular effects of the perspective they brought to the business school curriculum and business school research; it also signified the growing acceptance of the legitimacy of economics as the foundational discipline of business education” (Khurana, 2007). A number of business schools even came out of economics departments, and economics and finance persist to this day as dominant disciplines for the majority (N. Healey, 1993; Pfeffer & Fong, 2004). In the United States, concomitant with this growing domination of economics, there was a dramatic rise in the number of business schools, business school enrolment, and scholarly business journals from the 1960s onwards (Khurana, 2007); this was in addition to growth in economics as a discipline in general – indeed, “probably over 90% of all the words written on economics have been written over the life times of some living economists” (Lipsey, 2001, p. 5). Meanwhile the intellectual gap between business schools and other professional schools such as law and medicine started to close, and MBA graduates began to move into consulting and finance instead of business proper upon graduation (ibid.). At the same time, demand for MBA graduates rose (Wojcik, 2011a) along with supply; by the year 2000, fully 20% of all American undergraduate degrees were in business, as were 25% of Master’s degrees, while a staggering 85% of all business school qualifications worldwide were awarded by American institutions (Pfeffer & Fong, 2004). The MBA degree itself, originally almost exclusively an American trend, is “well on its way to becoming a globalized credential,” with programmes in over 100 countries (Fourcade & Khurana, 2013, p. 122).

Indeed, the history of economics education, and its dominance within United States business schools, is particularly salient because of its effect on other countries. American universities have exported economists all over the world (Harvey, 2007), and international business schools increasingly recruit U.S.-based professors (Pfeffer & Fong, 2004). Canada, of course, did not escape this influence, and its economists’ formal educational experiences – the experiences of the majority of my conversants – were no doubt shaped by American economic thought and practice.

Within economics education in the United States, the influence of University of Chicago economists such as Milton Friedman was significant. At Chicago, from the 1960s onwards “the neoclassical economics perspective was dominant; there was little interest in trying to understand actual business decision making; and notions of business social responsibility were subordinated to the maximization of stockholder

wealth”; this view spread rapidly to other business schools (Augier & March, 2011, pg. 170).

In macroeconomics, Backhouse and Laidler (the latter of whom was one of my conversants) described a narrowing of the intellectual breadth of work in the area (2003); Schiffman describes the shape of their historical analysis as

“... an hourglass phenomenon in macroeconomics. They point out that, during the 1940s to 1970s, many important ideas that had been prominent before 1936 were virtually forgotten as the IS-LM apparatus rose to prominence. Once economists were trained in IS-LM, they were conditioned to simply ignore ideas that did not fit within it (including some of Keynes’ own ideas). These ideas include dynamics, intertemporal choice, expectations, policy regimes and intertemporal coordination failures. [. . .] Some of the neglected ideas have been rediscovered recently, but others remain out of sight” (2004).

In particular, the Chicago school ethos influenced cultural views of morality and human nature. For example, fiduciary duty – the purported responsibility of firms to maximise returns for shareholders – can be used to justify, and has been used to legitimise, a superseding obligation to increase shareholders’ profit, regardless of ethical counterclaims (Wang et al., 2011). The rise of fiduciary duty in the preceding decades has accompanied, and perhaps precipitated, a shift away from conceptions of the firm as a social institution and towards an image of the firm as a profit-maximising machine unconcerned with morality (Eisenberg, 1999). However, the very existence of companies that clearly pursue ethical ends, sometimes at the expense of financial considerations, raises questions as to whether fiduciary duty is, in fact, as strict as it is sometimes claimed to be; “[the American Law Institute’s] *Principles of Corporate Governance* provides that a corporation ‘may properly take into account ethical considerations that are generally recognized as relevant to the conduct of business,’ even if corporate profit and shareholder gain are not thereby enhanced” (ibid., p. 1265). Besides which, fiduciary duty signified more in a legal sense and less in a social sense just twenty years ago; Eisenberg observed both an increase in directorial attentiveness to fiduciary duty in the 1990s and a simultaneous decrease in legal liability for breaches of fiduciary duty (ibid., pp. 1266-7), a curious negative correlation. He identified a combination of media publicity, pressure from institutional investors, and a shift in social norms that partly arose from legal clarity concerning the roles of directors; the latter factor, he claimed, allowed social pressures to reinforce certain directorial behaviour in turn (ibid. pp.

1268-69). In any case, it is clear that it was the shift in perception and social norms that changed how strictly fiduciary duty was interpreted, rather than a change in the law itself.

More important even than its indirect effects on the legal interpretation of fiduciary duty, economics education – and the Chicago School in particular – has had a significant influence on perceptions of human nature. *Homo economicus*, the rational self-interested man, serves as the default decision-maker in many economic models (Wang et al., 2011). Agency theory, which formed the basis of Jensen's policy recommendations regarding executive compensation, is based on the idea that managers and shareholders have fundamentally divergent self-interests that must be compensated for (Jensen & Meckling, 1976; Jensen & Murphy, 1990); yet although empirical evidence contradicts agency theory, it persists (Ghoshal, 2005). These and other assumptions have spread well beyond the confines of economics departments and business schools.

Furthermore, it would appear that current trends in economic thought are slow to appear in economics curricula. Behavioural economists and psychologists such as Ariely, Thaler, Sunstein, Kahneman, and Tversky have challenged the very assumptions upon which many neoclassical models are built (Ariely, 2008; D. Kahneman et al., 1986; D. Kahneman, Slovic, & Tversky, 1982; D. Kahneman & Tversky, 2000; Thaler & Sunstein, 2008). Heterodox economists have challenged the scientific pretensions, overreliance on mathematics, ahistorical analysis, and self-interest-based assumptions of mainstream economics (Chang, 2010; Fine, 2004, 2013; Griffith-Jones, Ocampo, & Stiglitz, 2010; Krugman, 1995). But aside from some uptake of behavioural economics, these perspectives are rarely found in economics departments. Instead, neoclassical economics, including its quantitative methodology, has colonised other social sciences (Fine, 2004).

Of course, critiques of economics, as it is currently taught and practised, abound. There are critiques of the Washington Consensus, such as those from prominent economists like Joseph Stiglitz, and critiques of its critiques (Fine, Lapavistas, & Pincus, 2003). Theories and thinkers from an earlier time have resurged in popularity in the post-crisis period; the work of Hyman Minsky has gained new prominence, for

example (Wray, 2016).<sup>24</sup> But in general it appears that not a great deal has changed in the classroom in response to these critiques, especially within the core curriculum.<sup>25</sup>

Students of economics have formed organisations, organised conferences, and published critiques of their education, claiming that the economics education of today is out of date, de-contextualised, and overly narrow (Inman, 2014). In September 1993, a group of academics founded The International Confederation of Associations for Pluralism in Economics (ICAPE), and the number and size of organisations for heterodox economists in academia has grown significantly since then (Di Maio, 2013; Lee, 2009). The most recent push for pluralism in economics education, however, has been led largely by students:

In June 2000, a group of French students signed a petition calling for a Post-Autistic<sup>26</sup> Economics (PAE). They demanded an end to the use of mathematics for its own sake, and a more pluralistic economics curriculum with greater sensitivity to social and institutional realities. They were soon joined by a group of French professors, who amplified their argument. The debate became front-page news in France, prompting the Minister of Education to appoint an investigative commission, headed by the distinguished economist Jean-Paul Fitoussi. Meanwhile, the PAE movement established an electronic newsletter and web site. The newsletter has developed into a journal known as the PAE Review; it claims over 6900 subscribers in 145 countries. During 2001, the PAE cause was taken up by students at Cambridge and Oxford, and also spread to the United States, with the signing of the “Kansas City Petition”. This was followed in 2003 by a “Harvard Petition” (Schiffman, 2004).

Amidst this flurry of activity and interest among students and professors in universities the world over, it initially appeared that Canadian students were uninterested; as it turns out, they were simply late to the party. Although one students’ association for pluralism emerged at the University of Waterloo, as did another (French-language) students’ association in Québec, it was not until May 2015 that a Québécois group (le Collectif pour un enseignement pluraliste de l’économie au Québec, or CEPÉQ) launched a bilingual website and umbrella organisation – Main Visible, or Visible Hand – to bring together pluralists from across the country. The

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<sup>24</sup> Minsky argued that, over time, macroeconomic stability can contribute to systemic financial instability (Minsky, 1982, 1986), an implicit critique of the monetary policy pursued in the lead-up to the 2007-2009 financial crisis.

<sup>25</sup> With the notable exception of the CORE Project (Curriculum Open-access Resources in Economics), which originated in the UK and has since been taught to many thousands of students.

<sup>26</sup> The use of the term “autistic” to denigrate the mainstream curriculum’s approach to economics was rightly criticised and has now fallen out of common usage.

website lists 36 affiliated faculty members in Canada, the majority of whom are based in Québec. A minority of these are housed in their respective universities' departments of economics, 4 of whom were conversants for this study, while the rest are housed elsewhere. With a growing interest in pluralism among members of the academy, this research will seek to add to our understanding of economics education – and the role of pluralism within it – in the Canadian context.

### *From Academia to Policy*

In the wake of the financial crisis, debate has raged over austerity policies as against fiscal stimulus policies,<sup>27</sup> with academic economists playing a front-and-centre role. Carmen Reinhart and Kenneth Rogoff, two respected Harvard economists, have widely published on the financial crisis, its causes, and its links to past financial crises in countries all over the world (Reinhart & Rogoff, 2008, 2010, 2011 inter alia). Their 2010 publication identified a strong correlation between high national debt and slow or negative economic growth, and they found that this relationship tended to intensify once a country's debt level had reached or exceeded a ratio of 90% to its Gross Domestic Product (GDP). Their work, in turn, was widely cited after it was published, and not just by academics; politicians and policy advisors in many countries used it to bolster their case for inaugurating austerity measures at the domestic and regional levels in several European countries and the U.S. (Krugman, 2013).

In the spring of 2013, however, a graduate student identified a number of troubling issues with Reinhart and Rogoff's data in the pair's most widely cited 2010 paper, sparking a media storm in the ensuing weeks and months. The student detailed three major methodological problems in Reinhart and Rogoff's work, concluding that the relationship between national debt and economic growth was far from the prescription for austerity that many policymakers assumed – or claimed – it to be (Herndon, Ash, & Pollin, 2013). This incident is both an example of the reach of academic economics and the trust that policymakers continue to place in – or the

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<sup>27</sup> Austerity refers to spending cuts to social programs, while a fiscal stimulus involves government (deficit) spending. As mentioned above, this debate seemed to have been – strangely – confined to the campaign trail in Canada, and there has not been much discussion of austerity politics before or since.



justifications they can usefully draw from – the work of well-regarded institutionally legitimated economists such as Reinhart and Rogoff.

Although this serves as the most recent example, it is certainly not the first. The work of Milton Friedman of the University of Chicago is widely credited with a shift in ideology and economic practices worldwide in the 1970s and 1980s, in both international institutions and among the leaders of some of the world's most powerful economies, notably in the U.S. and the UK (Harvey, 2007; Starkey, 2011). Michael Jensen, a professor at the University of Rochester and the Harvard Business School, wrote a 1990 *Harvard Business Review* article entitled *CEO Incentives: It's Not How Much You Pay, But How* co-authored with Kevin J. Murphy (1990) that served as justification for a law passed by the U.S. Congress in 1993 that made it easier for companies to compensate executives with stock options. Some have suggested that the excesses due to this measure in part led to abuses such as the Enron scandal of 2001 (Ghoshal, 2005). Moreover, the line between academia and policymaking is sometimes blurred; there has been a recent spate of articles about a number of academic economists who receive funding from outside interests while issuing public commentary on related policy issues (Chan, 2010), in some cases resulting, for example, in mergers and acquisitions that may not have happened without the expert testimony of economics professors from some of the top universities in the U.S. (Eisinger & Elliott, 2016). In short, economic theories developed in the academic realm – especially within well-regarded institutions – can carry powerful weight in the political realm, fundamentally altering public policy as a consequence.

Indeed, economists appear to have more influence on public policy than other social scientists, and their ideas tend to shape the agenda in policy circles, affect public opinion, and establish the range of acceptable policy choices among experts to a greater degree than is the case for academics in other fields (Jelveh, Kogut, & Naidu, 2014). Such influence, according to Hirschman & Berman (2014, p. 35), is due to a combination of “at least three major sources of power that they can help to create: professional authority; institutional position; and cognitive infrastructure, including both styles of reasoning and policy devices.” Analysis of the power accorded the institutions conferring such legitimacy on those they educate, and of the economists they graduate, is therefore essential.

Education can be usefully viewed as a formal, conscious socialisation process undertaken by all – or nearly all – of the citizens of any country that has a system of universal primary and secondary education. Almost all of my case study conversants, including COMER members, attended primary and secondary schools, but most of them – excepting, in this case, the majority of COMER members – have also undertaken several years of formal education in economics. Economics education appears to have a particularly strong effect on students' ethical outlook and behaviour (Carter & Irons, 1991; B. Frank & Schulze, 2000; R. H. Frank et al., 1993; D. Kahneman et al., 1986; Marwell & Ames, 1981; Wang et al., 2011), even though they are usually first exposed to it in adulthood.

The form that economics education takes has implications extending far beyond the eventual beliefs and behaviours of students, however. Unlike scientific theories, social science theories are vulnerable to what Ghoshal (2005) terms the double heuristic; in being taught, they can become self-fulfilling prophecies. For example, the infamous Black-Scholes equation was initially wildly inaccurate in doing what it was intended to do, which was to predict stock prices. Within a few years, however, its widespread use among financiers made it highly accurate (Ferraro et al., 2005). What this means, in essence, is that what is taught in economics courses can become reality (Folger & Salvador, 2008); economics can be performative, not just descriptive (MacKenzie, 2005). Ferraro et al. (2005) identify three mechanisms that affect whether the double heuristic is activated: institutional design, social norms, and language. Institutional design and social norms are affected by the educational experiences of those who design, and operate within, the institution, while language infuses all of the above with assumptions and worldviews that can be difficult to question. My thesis therefore pays particular attention to economists' use of language and narratives.

Aside from language, Ghoshal (2005) identifies the dominance of positivism<sup>28</sup> and a pessimistic view of human nature among business schools and economics programs as the two most significant trends contributing to unethical reasoning and behaviour among graduates. Positivist trends within the academy in general may

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<sup>28</sup> The view that facts, or truth, must be based on scientifically generated evidence or mathematical proof.

have a particularly pronounced effect on economics education, as seen in the increasing use of econometrics and the mathematisation of the field (G. Hodgson, 2011; Romer, forthcoming). Several experiments “suggest that a calculative mindset leads people to focus more on numbers rather than on the social aspects of their decisions, resulting in less consideration of the consequences of their behavior on others and greater self-interested and unethical action” (Wang & Murnighan, 2012, p. 26), rather a concern for a discipline that is implicated in public policy. Other studies suggest that individuals behave more cooperatively in non-economic situations than in economic situations (Pillutla & Chen, 1999). The redefinition of economics as a science heavily infused with mathematics could therefore have itself helped to shape the ethical orientations of students of economics over the past few decades.

Ghoshal’s second concern, that of economists’ pessimistic view of human nature, could be similarly significant in terms of shaping economics students’ beliefs and behaviour. The oft-used “representative agent” in economics, *homo economicus*, is a rational, self-interested being meant to represent the average human. Humans in fact can be a great deal more cooperative than the self-interest model predicts, however, even when such behaviour is costly to the individual – context and/or socialisation often determine whether people think and behave in a self-interested or cooperative manner (or some combination thereof) (Hammerstein & Hagen, 2005; D. Kahneman et al., 1986; Daniel Kahneman, 2011). Many academics are aware of this research, yet the curriculum rarely reflects the growing evidence of a more complex conception of human nature, thought, and behaviour.

Recently the rise of behavioural economics has helped to change the discussion in economics departments. Thaler and Sunstein’s “Nudge,” the bestseller on which the UK government’s MINDSPACE<sup>29</sup> documents were based (2008), and the work of psychologists Kahneman and Tversky and economists such as Ariely and Thaler, among others, have helped to challenge the conception of *homo economicus* as the basis of some economic models (Ariely, 2008; D. Kahneman et al., 1986, 1982; D. Kahneman & Tversky, 2000; Daniel Kahneman, 2011, inter alia).

As I learned in the course of my study, however, many students still do not encounter behavioural economics in the course of their economics education, and its

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<sup>29</sup> MINDSPACE is a British government programme that used insights from behavioural psychology and behavioural economics to guide citizens’ unconscious biases and defaults towards decision-making that prioritises long-term planning, retirement savings, pro-environmental behaviours, and so on.

insights may be mostly confined to the study of microeconomics, leaving macroeconomics largely untouched. Some of my conversants claimed that behavioural economics is not relevant to much of the work of microeconomists in any case; they are in the midst of an information revolution that is more likely to benefit from new and better datasets than from changes in the definition of the “representative agent.” Others told me that few professors still believed in a narrow conception of humans as a self-interested species. However, little of this insight appears to have trickled down to undergraduate economics education in particular, and it does seem that some of the new research in evolutionary biology – and by extension, behavioural economics – may be relevant to the study of microeconomics and macroeconomics alike, especially where it contributes to public policy decision-making.<sup>30</sup>

After all, research has shown that people are consistently more fair-minded than the self-interest model would predict; they are surprisingly generous in studies measuring payouts to anonymous strangers, and they are willing to punish unfair behaviour even to their own detriment (Folger & Salvador, 2008; Ghoshal, 2005; Hammerstein & Hagen, 2005; D. Kahneman et al., 1986; Rabin, 1991 *inter alia*) and reward prosocial behaviour in others, even if they are not the direct beneficiaries (Keltner, Kogan, Piff, & Saturn, 2014).

“The past 20 years have seen startling discoveries that support the supposition that humans have an intuitive, default tendency towards some degree of prosociality” (Keltner et al., 2014, p. 25.6), not just self-interest. Prosociality has been linked to releases of powerful neurochemicals including oxytocin, serotonin, and dopamine, and has been shown to benefit human physical and mental health according to numerous indicators such as stress (cortisol) levels, life expectancy, immune response, and relationship satisfaction (*ibid.*). Cooperative behaviour may, in fact, benefit and motivate humans in myriad ways that are difficult for the dominant economic models to capture or account for.

Moreover, there is evidence that the variation in prosocial and competitive perspectives and behaviours is likely both genetic and environmental, and can be substantially influenced by socialisation. Some research suggests that between 25% and 65% of personality traits are heritable (Jang, McCrae, Angleitner, Riemann, & Livesley, 1998). In other words, humans’ socialisation – social context – can induce

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<sup>30</sup> By taking into account social norms and institutions, for example.

prosocial or competitive modes of behaviour. Hence *the role of economics education for economists may constitute a turning point in moral orientation* for some people – especially because it happens at what, for many, is a particularly impressionable age.

Economics and economics-focused business school programs appear to play a role in shaping students' political and ethical orientations, and their view of human nature, in other ways as well. This is perhaps unsurprising; there is less required instruction in ethics and social responsibility in business schools than in medicine and law schools (Pfeffer & Fong, 2004). Moreover, game theory – a mainstay in economics – tends to emphasise unemotional rational thought rather than social emotions such as empathy, guilt, and so on, which could contribute to the devaluation of outcomes that contribute to the wellbeing of society as a whole (Wang et al., 2011).

A growing body of research takes this much further, however. Scores of studies suggest that economists tend to “free ride” to a significantly greater extent than other groups (Marwell & Ames, 1981), while other research showed that economics students were more likely to join the Republican party after five courses in economics (Allgood, Bosshardt, van der Klaauw, & Watts, 2012), that they appeared to change their opinions towards an “individual freedom” orientation in the course of their degree (Hammock, Routon, & Walker, 2016), and that they were significantly less likely to cooperate in the context of controlled experiments than were non-economics majors (R. H. Frank et al., 1993). The latter was true of Canadian economics students as well (Kahneman et al., 1986). A survey of undergraduate business students in the UK found that final-year students had *less* moral awareness than they had had prior to a full year of study in business ethics (Lowry, 2003). A study comparing undergraduates (economics and non-economics majors) at the beginning and the end of their first semester at university found that the self-interest model propounded by economics courses negatively influenced economics students' tendency to respond prosocially in experimental scenarios (R. H. Frank et al., 1993). Although cooperative behaviour among the student population tends to increase with every additional year in university, this does not appear to be true for economics majors (ibid.).

There are some indications, however, that economics students behave differently due to self-selection effects rather than indoctrination<sup>31</sup>, according to Frank & Schulze (2000); another study suggested this as well, although it had a small

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<sup>31</sup> Their term.

sample size and some other methodological problems<sup>32</sup> (Carter & Irons, 1991). A more recent review of studies in this field concluded that both selection and indoctrination effects may be at play (Etzioni, 2015). These effects may be exaggerated due to differential gender responses; in experimental scenarios women tend to be more likely to cooperate, and economics students are more likely to be men (R. H. Frank et al., 1993).

The widely referenced study produced by Wang et al. (2011), however, specifically aimed to tease out these effects by examining whether research participants were influenced by even brief exposures to concepts derived from the field of economics, such as agency theory and self-interest. From the results of three different experiments the researchers concluded that economics students, having self-selected to pursue economics in the first place, are more likely to act less prosocially from the outset; however, this tendency is exacerbated by the competitive socialisation endemic to economics programs – especially exposure to justifications of self-interest and the primacy of shareholder value. Indeed, as Pfeffer & Fong point out, “[t]he Aspen Institute’s (2001) survey of MBAs found that during the two years in the programme, student priorities shifted away from customer needs and product quality to an emphasis on shareholder value, a change which is not surprising considering the content of business school curricula” (2004, p. 1505).

These studies point to the effects of economics education on students’ beliefs and social norms, but further evidence suggests that these could in turn affect behaviour as well. Business school students are more likely than students of other fields to view their education as the means to achieve a higher salary and better employment, and there is evidence that viewing one’s education primarily as a means correlates strongly with a tendency to devalue social justice concerns, to tolerate cheating, and to otherwise cut corners (Pfeffer & Fong, 2004). Says Colander, “Individuals are not born as economists; they are molded through formal and informal training. This training shapes the way they approach problems, process information and carry out research, which in turn influences the policies they favor and the role they play in society” (2005, p. 175).

Prosociality, however, appears to be as easily induced as is self-interested behaviour. Here, too, institutional design, social norms, and language seem to play an

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<sup>32</sup> The “before” economics students – economics freshmen to be compared with upper-year economics students in order to check for an indoctrination effect – in fact had had two months of macroeconomics training prior to testing, for example.

important role. While “[t]he language of economics makes it especially difficult to differentiate self-interest from greed” (Wang et al., 2011, pg. 644), “[m]aking prosociality more salient in narratives, stories, conversations, and concepts [. . .] increases prosociality” (Keltner et al., 2014, pg. 25:19). Priming study subjects to employ “I” versus “we” may lead to endorsing individualistic and collectivistic points of view, respectively (Bargh, 2006), for example.

Efforts to prime people towards a positive view of self-interest, or greed, however, may just as effectively change thoughts and behaviours. “Greed [. . .] is a robust determinant of unethical behavior [. . .] Greed leads to reduced concern for how one’s behavior affects others and motivates greater unethical action” (Piff, Stancato, Côté, Mendoza-Denton, & Keltner, 2012, p. 4086).

Strikingly, differences in unethical behaviour among social classes (often significant, with upper-class people thinking and behaving in more unethical ways than lower-class people on average) disappear when researchers control for attitudes towards greed – that is, lower-class people primed with a ‘greed-is-good’ message behave just as unethically as upper-class people (Kraus, Piff, Mendoza-Denton, Rheinschmidt, & Keltner, 2012; Piff et al., 2012). Attitudes towards greed are therefore a better predictor of unethical behaviour than is social class (Piff et al., 2012), although a positive view of greed is more readily found among the upper class (Piff, Kraus, Côté, Cheng, & Keltner, 2010). Priming can also work in the opposite direction; lower-class people tend to hold a communal worldview, whereas upper-class people tend to hold to a more individualistic worldview (Kraus et al., 2012), but compassion priming largely erases social class differences vis-à-vis prosociality (Piff et al., 2010). These studies point to the significant role socialisation can play in the development of individuals’ attitudes towards greed. Combined with research demonstrating the influence of economics education on students’ development of a positive attitude towards greed (Wang et al., 2011), and the preponderance of financiers among earners in the very highest income bracket (Wojcik, 2011b), it seems possible that economics education could play an outsized role in the diminishment of prosocial behaviours among the most well-resourced members of society.<sup>33</sup>

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<sup>33</sup> Interestingly, there are indications that prosociality, while normally a crucial trait in terms of advancement in a wide variety of organisational settings, may be less of an advantage in those fields in which economics and MBA graduates are likely to find themselves. A meta-study of the role prosociality plays in individuals’ rise through the

The social implications of such findings are significant. The very wealthy are more likely to have been exposed to self interest-oriented priming, either directly through formal economics education or through coworkers and superiors in the institutions in which they work. A positive view of greed among members of the upper class may itself contribute directly to intra-societal income inequality, as anti-greed sentiments among the lower classes contribute to redistribution among the lower ranks and high incomes become even further concentrated at the top than they otherwise would, due in part to the relative tendency of the wealthy not to redistribute their resources (Piff et al., 2012a).

A further feedback loop is at work as well; cultural values and group norms, within and among societies, also appear to contribute to the degree to which people engage in prosocial behaviours, so that individualistic societies and institutions produce individuals who are less likely to cooperate with others than are collectivist societies and institutions; egalitarian values robustly predict prosocial behaviour (Piff et al., 2010). “Social institutions that value prosocial behavior – be they religious or civic – significantly enhance prosocial behavior within collections” (Keltner et al., 2014, pg. 25:19), whereas many of those institutions – academic and corporate – in which elites find themselves may socialise participants towards devaluing prosocial attitudes and behaviour and instead endorsing a positive view of greed.

This tendency among elites may be further intensified by the increased preponderance of sociopathy among their ranks; although their findings may be controversial, robust studies, such as that of Babiak, Neumann, & Hare, for example, have suggested that sociopathy is four times as common among corporate executives than it is among members of the general population (2010), rendering the challenge more salient in the business world. Perhaps in part because sociopaths are particularly motivated by status and power (McWilliams, 1994, p. 158), they are to be found with increasing prevalence the higher up the social, political, and financial ladder one looks. Combined with the ‘greed-is-good’ socialisation that many receive in business schools and economics education more generally, and the increasing concentration of sociopathy within positions of power and influence, it is not difficult

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ranks of schools, military hierarchies, and organisations found that prosociality correlated strongly with higher positions of power in a school setting but that there was no correlation between prosociality and power in businesses or the military (Judge et al., 2002, in Keltner et al., 2014), suggesting that the hierarchies in organisations such as financial firms confer no professional advantages on prosocial individuals.



to see how conditions favourable to the perpetuation of norms of self-interest might be multiply reinforced.

Interestingly, greed's inverse – generosity – can contribute to a positive social feedback loop as well – one in which the recipient of a generous act feels gratitude and is more likely to act generously towards others (Keltner et al., 2014), in turn confirming their belief that people are generally cooperative, whereas those who engage in uncooperative behaviours are likely to induce uncooperative behaviours in others, in turn confirming their belief that people are generally uncooperative (Ferraro et al., 2005). “Humans are a highly mimetic species, disposed to imitate and take on the tendencies of others in their surroundings and social networks”; this “contagious prosociality” means that even witnessing a prosocial task increases the likelihood that a person will behave prosocially herself (Keltner et al., 2014, pg. 25.12).

It is possible, then, that the dominant form of economics education over the past few decades has been teaching economics students self-fulfilling theories that reinforce a conception of humans as self-interested beings, which may in turn have activated multiple anti-social feedback loops, thereby potentially affecting social norms among economists – indeed, a growing body of evidence suggests that this has happened. Given that economists play a significant role in the development of public policy, this phenomenon is worth exploring further.

### *Canadian Economists*

Over the course of the past few decades, economists and their political views, education, and behaviour have been the subject of academic inquiry; the vast majority of these studies centre on the U.S, however, with some examination of the UK, the rest of Europe, and more occasionally other countries.<sup>34</sup>

There have been some studies of Canadian economists as well, but these are rare and becoming ever rarer. This reflects a general decline in economics research on Canadian topics. In a survey of 3,000 articles by 250 Canadian economics professors, Emery, Simpson, and Tapp documented a decline that was especially

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<sup>34</sup> See the “Surveys” section of the Methodology chapter for a list of these studies.

pronounced for the top 10 economics departments in the country (2013). This trend was clear even in the period 1967-1992 (Fortin, 1993), but it has clearly intensified.

There have been exceptions. These include an exploration of Canadian economists' research productivity and publication rates from 1967 to 1992 (Helliwell, 1993); an examination of Canadian economists' publications and citations (Grubel, 1981); a survey of Canadian economists who had moved to the U.S. (McKee & Woudenberg, 1980); an article on the decline in Canadian economists' migration to the U.S. in the 1970s (Woudenberg, McKee, Eastern, Journal, & Jan, 2016); a survey of Canadian economists' political and ethical views (Block & Walker, 1988); and an analysis of Canada's rather surprising third-place showing in rankings of economics research – behind the U.S. and the UK (B. S. Frey & Pommerehne, 1988). Previously, however, Harry Johnson, one of Canada's most famous economist expatriates, had written a comparison of economics research styles in the U.S., the UK, Canada, and a number of European countries; his assessment of the economics profession in Canada was casually and at times almost brutally dismissive (1973).

Some of the above body of research, slim as it is, points to trends that continue to this day. Canadian economists still rank third internationally – behind the U.S. and the UK – in terms of economics research (Davies, Kocher, & Sutter, 2008), and Scott noted that “there is a fraction (almost 40 per cent) of the profession whose members, sometimes with their spouses and children, lived in the United States or Europe (or elsewhere) while acquiring their highest degrees. This foreign-trained group is larger than those in other Canadian disciplines” (1993, p. 27). This confirms the earlier assertion by Scott and his colleague Grubel that, indeed, the proportion of foreign- (especially U.S.-) educated academic economists was higher than in other fields (1969). The biggest differences between Canadians and Americans, in the Scott survey of American Economic Association (AEA) and Canadian Economic Association (CEA) membership, was that Canadians appeared less likely to specialise in macroeconomics and business administration and more likely to specialise in labour economics and international economics (A. Scott, 1993). This, too, still seems to be true. In any event, then as now, for the purposes of academic inquiry Canadian economists are often grouped with U.S. economists if they are considered at all. North American economists are in turn sometimes compared with their European peers, who appear to be more concerned with teaching (especially undergraduate teaching)

and less concerned with publishing than are either Americans or Canadians (Bruno S Frey & Eichenberger, 1993).

Studies of Canadian economists in the past 20 years have been yet more sparse. There have been comparisons of trends in economics enrolment in the U.S., Canada, Germany, and Australia in the 1990s (Siegfried & Round, 2001); rankings of Canadian economics departments (Bodkin, 2010; Lucas, 2010 *inter alia*); and examinations of the inclusion of Canadian departments in international rankings (Coupé, 2003 *inter alia*). There has also been some coverage of the various Canadian think tanks (D E Abelson, 1999; Donald E. Abelson, 2000, 2007; Donald E. Abelson & Carberry, 1998) as well as think tank ideology (Tapp, 2014). The most recent of a small number of articles examining Canadian academic economists' publication records is a study showing that Canadian economists authored 4.8% of articles published in the world's top ten economics journals and 55% of articles appearing in the Canadian Journal of Economics from 1980-2000 (for comparison, U.S. economists authored 77%, and UK economists authored 5.1%, of top-ten journal articles); the total for top-ten economics journal articles written by researchers from outside those three countries is 13% combined (Davies et al., 2008).<sup>35</sup>

Most of what has been written in this area has largely failed to consider Canadian economists' political views and education. One noteworthy exception is Milkman and McCoy's comparative study of economics Master's programs in the U.S. and Canada, which concluded that the curricula and faculty composition were comparable but that the departmental location of the programs constituted the greatest difference – in Canada 83% of programs were located in Arts and Sciences faculties, whereas in the U.S. fully 28% were housed in business colleges and another 26.7% in agricultural colleges (2008). In addition, Milkman and McCoy noted that many more U.S. programs were established in private institutions, especially at elite universities (*ibid.*). Their analysis also found that Canadian programs were less likely to use a standardised entrance exam (13%, compared to 38% of U.S. programs), but where this was the case, Canadian schools appeared without exception to require a minimum score. Canadian programs also, on average, required a higher grade point average (GPA) for admission (3.2 compared to 2.8 for the U.S. programs) and were significantly more likely (45% compared to 23% in the U.S.) to require two calculus

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<sup>35</sup> For further context, the Canadian population is a tenth of that of the U.S. and a little more than half that of the UK.

courses as an admissions standard. A further difference was that Canadian graduates of economics Master's programs were significantly more likely to work for government (35.6% compared to 21.4% for U.S. Master's graduates in economics) and significantly less likely to be employed in the private sector (29.7% compared to 44.2% of U.S. graduates). A later analysis by Woolley showed that nearly half of full professors in economics departments in Ontario (by far the largest academic market in Canada; the province of Ontario represents around 40% of the population) hold PhDs from the U.S., despite in most cases having earned first degrees in Canada (2013).

Other data have been harder to find. For the year 2009-2010, the last year for which full information is available,<sup>36</sup> there were 1,002 Economics teachers and 2,757 Commerce, Management, Business Administration teachers at Canadian post-secondary institutions (Canadian Association of University Teachers, 2010). There are about 15,000 economists and economic policy researchers and analysts in Canada, according to the 2011 National Household Survey (Statistics Canada, 2011); that figure represents an increase from about 11,000 in the 2006 census (Statistics Canada, 2006). Beyond these broad national indicators, it is difficult to find detailed information about Canadian economists.

Canada appears to have a slightly higher profile when it comes to heterodox economists and pluralist education, however. There is a short section on Canada in King's history of Post-Keynesian economics in which he noted that many of Keynes' best students in the 1930s were Canadian, one of whom – Robert Bryce – went on to work for the Department of Finance back in Canada, augmenting the Keynesian influence there (2002). King mentioned that the Canadian-born and -raised John Kenneth Galbraith was a famous Keynesian and named my conversant Marc Lavoie, "the author of the first really comprehensive and systematic Post Keynesian textbook," as one of the three most prominent Keynesians in Canada (2002, p. 150). Among 13 major international heterodox economics organisations and journals, Lee found 231 Canadian members compared to 233 UK members and 1026 American members. In Lee's sample, Canadians accounted for fully 9% of all listed heterodox economists (40% of the total were from the U.S. and 9% from the UK), which is a disproportionate number considering the much smaller Canadian population.

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<sup>36</sup> To the consternation of my conversants (and a great many others), the Stephen Harper government cancelled the long form census in 2010, resulting in a 5-year gap in the collection of such data.

However, as King further noted, “The great majority of Canadian economists were always neoclassicals” (2002, p. 150). There were Keynesian pockets at Dalhousie University, the University of Manitoba, l’Université du Québec à Montréal, the University of Waterloo, McGill University, Carleton University, York University, and the University of Toronto, along with a small influx of British economists with Keynesian leanings in the 1970s. Before 1998, leaving COMER to one side, there was no formal organisation for Canadian heterodox economists; the Progressive Economics Forum (PEF) was the first of its kind in that sense.

“It is clear that there was never a distinct national Canadian tradition of Post Keynesian economics, of the type that can [...] be identified in France or Italy. Canada is too close to the United States, both geographically and culturally, for that to have been possible. But Canadian Post Keynesians seem to have been more open than their colleagues south of the border to the influence of both Cambridge economics (especially that of Joan Robinson) and of other schools of heterodox analysis. This was especially true of the Francophone theorists in Québec (and the proudly bilingual University of Ottawa), where monetary circuit theory and the work of the French regulation school left their mark” (King, 2002, pp. 151–2).

Beyond such limited treatments, there has been little sustained or detailed examination of Canadian economists, especially in terms of educational and ideological trends in Canadian economic thought. Where such work has been attempted, it has suffered from significant methodological issues; Block and Walker’s 1988 survey of Canadian economists’ political views, for example, was distributed with a Fraser Institute imprint on the envelopes, which surely could have influenced the composition of the group of economists who chose to respond.

As studies of Canadian economists are so rare, this thesis will hopefully help to create a more complete picture of this group, their education, and the opinions they hold. Canada, as a possible outlier among its allies, represents a particularly distinctive and important case study, not least because it has emerged as at least a minor source of wisdom and guidance for other nations in the wake of the 2007-2009 financial crisis and in the midst of the growing trend towards populist xenophobia taking hold across the Western world. It is within the context established by the above literatures that I situate my study.

## Methodology

My research questions call for a multifaceted methodology, one that integrates elements from a variety of fields and intellectual traditions – from oral history to combined quantitative and qualitative surveys, case study methodology, critical theory, and institutionalism. Most of these methods have been widely in use among researchers for many decades (Ellis, Adams, & Bochner, 2011), while my attempted revival of “old” institutionalism incorporates a somewhat forgotten approach into more common methods.

Qualitative methodology literature stresses the importance of triangulation – using methodological verification techniques – in order to support or challenge research data, be it through field notes, images, corroborating documents, and so on (Duncan, 2004; N. L. Holt, 2003); as such, triangulation techniques have been built into the research design throughout. The methodological orientation and approach of the research draws principally from the tradition of critical theory.

### *Critical Theory, Institutionalism, and a Critique of Social Network Analysis*

The myriad strands of critical theory centre on questioning and exposing the hidden assumptions, power structures, and discourses that shape society. There is no single monolithic theoretical approach that defines critical theory, however; the term encompasses several divergent streams of concepts, methodologies, and intellectual lineages that have developed over the past hundred years. My own approach has been shaped by a number of critical theory traditions, including institutionalism – which I will explore more fully below – and Bourdieusian sociology, which offers particularly fruitful insights for a study of this sort.

Critical theory emerged out of the work of the Frankfurt School in the first half of the twentieth century (Jay, 1973), later forming the basis of many critiques of conformity and ideology in the post-World War II period – along with critical understandings of colonialism, institutionalised racism and sexism, and heteronormativity (Benedict Anderson, 1983; Bhabha, 1994; de Beauvoir, 1989; Fanon & Markmann, 1967; Foucault, 1990; Said, 1979 *inter alia*). Critical theory is fundamentally shaped by Marxism in its origins, although its tenets no longer always reflect the views of Marx himself; many critical theorists do, however, continue to

emphasise an ethical imperative, and much critical theory continues to focus on questions of alienation and reification<sup>37</sup> (Bohman, 2013).

Critical theory, in most of its incarnations, is meant not just to describe or prescribe but to *change* society and individuals' orientation towards it; as such my thesis aims to contribute to tools to do just that. The precondition for such an endeavour is, necessarily, to identify and examine dominant ideological claims. This means, in Marxist terms, to concentrate primarily on the superstructure<sup>38</sup> rather than the base.<sup>39</sup>

In practice this means following Bourdieu in making the invisible visible – identifying and critiquing ideologies, discourses, and power structures that elites themselves may not be aware they benefit from (Mills, 1959). This is what Bourdieu called the *habitus* – common-sense beliefs, predispositions, tastes, and so on, much of which is unconsciously acquired and perpetuated (Bourdieu, 1991). The *habitus* aligns with institutionalists' definition of institutions, which are defined “not in terms of the narrow sense of formal organizations, but in the broad sense of socially habituated behaviour” (G. M. Hodgson, 1994, p. 64) – habits. My research attempts to reveal some of the assumptions, habits, routines, social norms, and ways of being that operate among elite and non-elite economists in Canada, as “[t]he ruling ideas are the ideas of those who rule” (Brecht, 1932). Indeed, the ruling ideas and the language elites use to perpetuate them tend to become dominant. Foucault refers to this as the “regime of truth” – the truth is what is uttered by societally legitimated actors operating within the confines of societally acceptable ideological beliefs; regimes of truth within society are based on dominant understandings and are inseparable from questions of power and legitimacy (Foucault, 1977).

Although critical theory is widely (and variably) employed within academia, it may be particularly useful at the intersection of education and economics. Formal education is one of society's foremost tools for socialising citizens into a particular *habitus*, and indeed this has been a central critique from those concerned with critical pedagogy (Bowles & Gintis, 1976; Freire, 2000; Giroux, 2006; Illich, 1971, 1973). Economics, on the other hand, implicates both base and superstructure; assumptions

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<sup>37</sup> Alienation involves disconnection from other humans, from human nature, and from the means of production; reification is the instrumentalisation of humans and other living beings.

<sup>38</sup> Government, culture, ideas, relationships, et cetera.

<sup>39</sup> The forces and relations of production – division of labour, working conditions, et cetera.

as to the behaviour of the market, of participants within it, and of the appropriate role of government are centrally important at both the micro and macro scales. For example, one of the issues about which heterodox and neoclassical macroeconomists tend to disagree is implicated in the work of many critical theorists – namely Marx’s assertion that capitalism would eventually consume itself, because capital would tend to concentrate in the hands of the wealthy few and workers would no longer be able to purchase the goods they manufactured. Interestingly, modern Western capitalist societies have seen a dramatic rise in income inequality from the 1970s onwards (Keeley, 2015), in tandem with the growth of neoclassical economists’ influence in academia and international institutions (Harvey, 2007). Income inequality has even accelerated in some countries since the financial crisis (Organisation for Economic Co-operation and Development, 2013). The argument among policymakers as to the wisdom of reducing income inequality as a way of boosting economic growth is a key point of contention among various strains of economic thought, not always neatly aligned with the mainstream or heterodox camps.

The field of economics was once itself steeped in what could be considered a form of critical theory: the institutionalism<sup>40</sup> of a hundred years ago (in contrast with

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<sup>40</sup> Hodgson has offered a useful summary of the central tenets of institutionalism:

1. Institutionalism eschews atomism and reductionism in economic analysis, typically positing holistic or organicist alternatives.
2. Instead of the rational, calculating agent of neoclassical theory, institutionalism sees human behavior as normally driven by habit and routine, but occasionally punctuated by acts of creativity and novelty.
3. Instead of an exclusive focus on individuals as units of analysis, institutionalism regards self-reinforcing institutions as additional or even alternative analytical units.
4. The conception of the economy is of an evolving, open system in historical time, subject to processes of cumulative causation – instead of approaches to theorizing that focus exclusively on mechanical equilibria.
5. Institutionalism sees individuals as situated in and molded by an evolving social culture, so that their preference functions are not given and fixed but in a process of continuous adaptation and change.
6. Likewise, technology is regarded as evolving, and as a primary motive force in socioeconomic development – in contrast to a theoretical framework that takes technology as fixed and exogenous.
7. There is a pervasive concern with the role and significance of power and the conflict between both individuals and institutions in socioeconomic life.
8. Instead of a utilitarian framework that evaluates human welfare in terms of individual utility or pleasure and separates considerations of means from those of ends, there is a focus on the identification of real human needs and on the design of institutions that can further assist their identification and clarification.



New Institutionalism, which has been enjoying a revival in recent years) concerned itself with power; instincts, routines, social norms, and habits; and the individual as a socially constructed being who both affects and is affected by institutions and other human beings. This involved a complex view of human nature; an emphasis on change and the process of change, as opposed to analyses of states of equilibrium; an acknowledgement of the power of inertia and path dependence – for example, the continued use of the QWERTY keyboard despite the disappearance of the initial need for that particular configuration (Schwartz, 2004); and an understanding of abduction as the intellectual process of invention as opposed to deduction or induction, abduction conceived as “the spark of intellectual creativity or intuition, kindled in the tinder of assimilated facts” (G. M. Hodgson, 1994, p. 61).

This conception of the learning process can be recognised in the work of early educational theorists such as John Dewey and George Herbert Mead, who maintained that learning and knowledge are fundamentally shaped by social relations. Social context – habits, beliefs, social norms, and institutions – affect and are affected by one another, and learning cannot exist outside that context. Indeed, John Dewey later joined with Thorstein Veblen, a central figure in institutionalism, to found the New School.

Institutionalism is an approach that is enjoying a resurgence in the study of economics. Richard Lipsey, perhaps one of Canada’s best-known economists, has not explicitly labelled himself an institutionalist. Yet he has said the following, which helps to illustrate the importance of institutions in the study of economics:

Growth is a largely path dependent, co-evolution of technology and institutions in a time-irreversible process. The absence of a time dimension is being addressed in some of today’s non-main-stream, evolutionary theorising. The study of path dependency and, more generally, the whole evolutionary branch of economics, seeks to put time into theories in meaningful ways. [. . .] The best economists always knew that market systems require an underpinning of good institutions, some of them quite complex. But the importance of institutions is not routinely taught in theory courses and it is debatable how many economists understood the importance of institutions at any one time. An important test seemed to come with the marketisation of the former USSR. Many US economic advisors said in effect: “Just free up the markets and privatise all industries and all will be well.” This advice was profoundly a-temporal and non-institutional. Russian privatisation was a fiasco and well-functioning capitalism has proved to be unachievable without institutions to secure such important things as effective intellectual property protection, security of private property, orderly

bankruptcy, the rule of law, and reliable banks. It also remains to be seen if the necessary institutions can grow spontaneously in ground uncultivated by effective government policy. Possibly as a result of these unhappy experiences, an increasing number of economists are today turning their attention to formal analyses of institutions – better late than never. (Lipsey, 2001, p. 16)

Loosely institutionalist explanations for the performance and resilience of the Canadian banking system already abound – for example, its path dependence (Walks & Clifford, 2015), partly in the form of its oligopolistic structure (Bordo et al., 2015; Knight, 2012; Seccareccia, 2012) and banking culture (Freeland, 2010; Longworth, 2014; Ratnovski & Huang, 2009), is frequently cited in popular and academic explorations of Canada's performance during and after the crisis.

Importantly, such an analysis is lacking when it comes to the education and social norms of economists. I had initially planned on undertaking some of this analysis via a Social Network Analysis (SNA) of Canadian economists, but decided against it on the basis of critique inspired by critical theory and institutionalism; in other words, my theoretical framework fundamentally altered my methodology.

SNA would have been used to map out graphically the network of Canadian economists under study. From what was considered to be the first such analysis, Davis et al.'s 1941 study of Southern belles' attendance at balls (Davis, Bradford Gardner, & Gardner, 2009), SNA has become increasingly mathematical, and data analysis often involves the use of computer programs designed to calculate the extent to which networks are dense, interconnected, and/or dominated by central figures and cliques (J. Scott, 1991).

SNA is considered to be especially useful for relational data – data regarding ties and interactions among people (Scott, 1991). This approach can be problematic in many ways, however, as it reduces communities to networks of individuals and has no way of integrating norms and power into the analysis. For example, some researchers seek from SNA information that could serve as a proxy for power relations – namely, centrality measures (Carolan, 2014). But centrality is in fact not a good proxy for power relations; the correlation may even run the other way in some cases. If I were to determine centrality partly on the basis of attendance at conferences, for example, I would be likely to inflate the importance of younger scholars and underestimate the power of their elder colleagues, as the latter are less likely to attend as many events.

There are many similar pitfalls associated with an SNA approach. My chief critique, however, was one that emerged in the course of reflecting on critiques of the scientisation of economics as a field. There are parallels here in the field of ethnography; SNA is a mathematisation of social relations that reduces relationships to “data matrices” designed to show relationships among conversants and among institutions, events, etc. (Scott, 1991). The simplification of complex social relationships – obscuring power structures in the process – is only one potential result. Perhaps more importantly, the “calculative mindset” induced by the presentation of the data and the “mathematisation” of the dataset itself could contribute to some of the harms identified in many critical studies of economics education. In short, had my chosen methodology included SNA, my research design might have served to undermine the intellectual contribution of the study itself.

SNA studies have become popular in the social sciences, as have many other “scientised” methods. There are SNA studies on the U.S., Germany, Great Britain, and Japan, (Knoke, 2011), most of which emphasise institutions (but not their role or character) rather than individual actors within them. Unsurprisingly, Canada has largely been left to the side of this trend. Perhaps, given the dangers of this approach for my research objectives, that is not a bad thing.

### *Case Studies*

Case study methodology is useful as a research strategy that brings together a number of methods (Ryan & Lewer, 2012). Flyvbjerg (2006) recommends several tactics in the selection of cases, one of which involves the use of extreme/deviant cases – in this instance, the Fraser Institute and COMER can be seen as representatives of two ideological poles (loosely right-wing and left-wing, respectively) in the Canadian economic realm, with the PEF (largely comprising institutionally-educated heterodox economists) as an additional case in order to isolate the role of autodidactic versus institutional economics education among Canadian heterodox economists. The examination of other think tanks along the spectrum – and economists’ views of them – similarly helps to identify which ideas are associated with (loosely) the left- and right-wing politics in Canada, and which of those ideas are able to become acceptable to those in the middle of the political

spectrum. The Canadian Centre for Policy Alternatives on the left, the Institute for Research on Public Policy in the centre, and the centre-right Conference Board of Canada all help to flesh out the picture.

The choice of macroeconomists in my sample of academic economists was similarly motivated by the intention to include extreme/deviant cases. As explained more fully below, macroeconomists as a group tend to display more differences of opinion than do microeconomists (Rodrigo, 2012). Although my random sampling did produce one truly heterodox academic economist, I supplemented that part of my sample by seeking out several other well-known heterodox academic economists in order to flesh out the extreme/deviant case.

The Bank of Canada and the C.D. Howe Institute, central institutions among Canadian economists, can each be considered to be more paradigmatic cases as they “highlight more general characteristics of the societies in question” (Flyvbjerg, 2006, pg. 232). In the case of the Bank of Canada, their economists have each been vetted by academic and governmental institutions multiple times and as such may represent something of a consensus among Canada’s elite. The C.D. Howe Institute, while viewed as sympathetic to – and aligned with – business interests and as such is usually identified as right-of-centre on the Canadian political spectrum, seems to have built its credibility on affiliations with, in particular, economists from top economics departments, the Bank of Canada, and the federal Department of Finance. Finally, the chief economists of the largest banks in Canada are a paradigmatic case study if the banking/finance community is the unit under study. These economists are powerful players in a relatively small community of influential economists tied to finance and banking (and are some of the few remaining chief economists in the private sector).

The choice of these eleven cases conforms to the conception of case studies as an opportunity to engage in analytic induction – the selection of cases capable of producing data that can challenge emerging hypotheses (Manning in Huberman & Miles, 1994). The research design therefore followed an iterative process in which conversants from all eleven cases were able to shape the study’s conclusions as they developed throughout the data collection process. Indeed, I ensured that I interviewed a selection of conversants from various cases in each phase of my fieldwork experience in order for conversants from all cases to play a role in my growing understanding – and questioning – of Canadian economists and their education, ethical orientations, and role in public policy.

A growing number of interview studies on elites have emerged in the past 20 years (Cook, Faulconbridge, & Muzio, 2012; Hertz & Imber, 1995; Ho, 2009; Jackall, 1988; Schwartzman, 1993; Tett, 2009), but elites in general remain understudied in an ethnographical and sociological sense (Aguilar, 2012; Hunter, 1995 in Mikecz, 2012). This is yet more true of elites in the realm of economics (Stephens, 2007), and there is no such coverage of elite Canadian economists at all. “Understanding the external conditions and interests that promote and sustain local or national elites must also be matched with an analysis of the norms, values and shared interests that characterise or unite such elites” (Shore, 2002, p. 13), and these – in addition to lifelong access to contacts in the upper echelons of society – are often products of individuals’ background and education. Indeed, “[s]tudying how elites ensure their survival requires close attention to their kinship structures and networks, as well as to the institutions for their selection and socialisation, which [. . .] means a focus on schooling and the structures of elite education” (ibid., pg. 13). The emphasis of this research is therefore placed squarely on the educational and learning processes that feed certain conceptions of economics among the elite – not only because this constitutes a particularly important topic at this time, and not only because there is a dearth of literature in this area – especially among economists, and especially in Canada – but also because the educational lens is one that can uniquely serve the end of understanding how a particular group of elite economists came to learn what they know and believe what they believe.

Interviewing, with elite and non-elite populations alike, is not a positivist exercise; perspectives, as opposed to facts, are the data being sought, and indeed elites’ perspectives are uniquely useful in generating data on the outlooks of those who may have shaped some of the political and discursive realities under study (Richards, 1996). As is the case here, interviews with a society’s elites are sometimes the sole method for gaining certain types of information (ibid.). I drew from Carmichael et al.’s (2006) work in asking conversants about their own impressions of

the perceived legitimacy of Canadian economists from various institutions; this information would have been impossible to glean in other ways.<sup>41</sup>

As indicated by Schoenberger (1991), key conversant interviews with elites may be particularly useful in periods of significant economic and social change. Schoenberger's assertion became increasingly apposite in the course of my research; I could never have fully understood the changing nature of the field of macroeconomics, for example, had I attempted to restrict my study to survey data. Although I did not have a full grasp of the tenets of macroeconomics prior to the onset of my study – indeed, I was and continue to be lacking in formal economics education – it clearly was essential that I learn enough about economics to be able to formulate appropriate questions for my study and to discuss them meaningfully with my interlocutors.

Such systematic preparation on my part improved the quality and depth of the questions I was able to ask of my conversants, and played a crucial role in gaining access – and establishing strong trust relationships – with conversants in the first place (Stephens, 2007). In-depth prior knowledge of conversants' professional field and life experience is crucial in gaining their respect as well as their co-operation; this is true for any in-depth interviewer, but it is especially important in interviewing elites (Mikecz, 2012; Ryan & Lewer, 2012) who, in the case of my research, accounted for a significant majority of my list of interviewees. In the event, many of my conversants demonstrated the degree of their assurance by offering recommendations and introductions to other economists to interview.

Thorough preparation is an important defence against the potential for elite conversants to patronise a researcher who may be perceived as a novice or intellectual outsider (M. Healey & Rawlinson, 1993). This was a particular issue for me as a young woman mainly interviewing older men. In this respect, the quality of my data depended on the best tactical use of any and all defences against the possibility of condescension. Because economics as a field supports an even smaller proportion of women than many other elite fields, this was a particularly important consideration.

This research could be viewed as part of a growing trend of academics studying academia itself; there now exist a number of significant studies of academic

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<sup>41</sup> Such difficult-to-elicited information was made all the more so by the fact that interviews with elites are, for obvious reasons, likely to be particularly affected by time constraints (Berry, 2002; Richards, 1996).

departments and their occupants (Fox, 2004; Hernandez, Sancho, Creus, & Montane, 2010; Pelias, 2003; Strathern, 2000; Williams, 2002). Anthropologist Cathy A. Small, operating undercover and using the pseudonym Rebekah Nathan, enrolled as a university student and studied academic culture from that perspective (Nathan, 2005). This is a relatively new research approach, however, and again, even within such a trend economics as a discipline is as yet underrepresented.

Perhaps the particular dearth of studies of Canadian economists is a function of its particular local and historical context, because “in the greater scheme of things, those working in Canadian institutions, on the periphery of empire, may even constitute a subaltern class of intellectuals” (Young & Meneley, 2005, in Reed-Danahay, 2009, pg. 38). Yet Canada in fact constitutes a compelling case study, and not only because of its comparatively unorthodox approach to finance, central banking, and economics more generally; besides a third-place global ranking in economics behind countries with populations double and ten-fold larger (the UK and the U.S.), Canada was also a pioneer of inflation targeting, was the first to drop out of the Bretton Woods Accord (Crow, 2002), and – so the story goes – avoided the worst effects of the 2007-2009 financial crisis (Ratnovski & Huang, 2009).

As a research topic the Canadian case is especially interesting from an educational perspective. Canadians have the highest average tertiary educational attainment in the world, with 51% of the population boasting tertiary educational certification, and the country stands among the highest in university-level educational attainment (Organisation for Economic Co-operation and Development, 2012). Unlike its nearest neighbours culturally, linguistically, and structurally, Canada does not have the equivalent of the Oxford-Cambridge domination of higher education in the UK nor of the Ivy League in the U.S., hierarchies that tend to shape students’ access to power and wealth later in life (Ho, 2009; Mills, 1959; Tett, 2009 *inter alia*). In contrast, Canada’s universities are almost all public, and although they are routinely ranked, there has been no clear frontrunner over time.

My previous research showed that there is a preponderance of Harvard degrees<sup>42</sup> among the biographies of upper executives in major Canadian banks, which likely exposed them to the same enthusiasm for the free market that is widespread among American bankers; yet the Canadian system as a whole has tended to function

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<sup>42</sup> It is worth noting that Harvard’s economics department is far from the most free market-oriented among its peer institutions, however.

outside of a strictly free market framework, and indeed most prominent Canadians in the financial sector appear to have been educated in Canada, at least initially, and their degrees are from a variety of institutions all over the country (Quigley, 2012). This is significant in terms of “studying up,” as it indicates that Canada’s elites have not been socialised in the same handful of institutions as is largely the case in the U.S. and the UK; the Canadian community of economic elites appears to have formed in other ways, as its constituents were socialised in a much broader set of educational institutions. But this is also noteworthy because formally educated Canadians from a great diversity of educational institutions constitute the majority of the population of the country as a whole, as is the case nowhere else in the world. This unique circumstance could have significant implications for the future of financial literacy and economics education, as indeed we may have seen in Justin Trudeau’s unexpectedly successful pitch for deficit spending in the most recent Canadian federal election.

### *Interviews*

My 58 interviews were semi-structured in format and ranged from 36 to 181 minutes in length; 56 were conducted in person and 2 by telephone (Skype). Erica Schoenberger, in her extensive experience with corporate interviews, emphasises the utility of “an unstandardized format with a predominance of open-ended questions” (Schoenberger, 1991, p. 180), which can also improve the validity of responses (Aberbach & Rockman, 2002). All of the interviews, including the two conducted by telephone, were recorded with a hand-held voice recorder with the prior consent of the conversants. Based on the literature, it was clearly important to record additional impressions immediately after each interview in order to capture non-verbal communications such as tone of voice, posture, gesticulations, and so on (Crang, 1997; Mikecz, 2012), although of course such data are subjective and cannot properly replicate the interview experience nor erase my privileged position as the original interviewer (Gardner, 2010). Some of these experiential data are surprising to look back on now; one of my more high-profile conversants was clearly drunk during our post-lunch interview; two other conversants directed the majority of their comments to my chest. As a group my conversants were highly professional, however.



There is a preponderance of special instructions from academics who have conducted interviews with elite conversants; these include dress (conservative), awareness of elites' tight time constraints, the importance of choosing a neutral location in which to conduct the interview (Ryan & Lewer, 2012), and the need to be insistent that it is the person sampled who must be interviewed (Aberbach & Rockman, 2002). It is also essential to be aware of conversants' potential loyalty to colleagues and awareness of outside audiences (Ryan & Lewer, 2012). Indeed, there is a particular need to be aware of the possibility that elites will feel the need to defend their reputation, industry, or colleagues in an interview setting, and as such their claims should be met with some healthy scepticism (G.L. Clark, 1998; McDowell, 1998). One way to counteract this risk is to build in verification checks to ensure that conversants' responses are internally consistent – a practice I maintained throughout. It was also important to emphasise my educational credentials, in my written requests for interviews in particular, as they constitute the only source of “elite” status I have to offer and were therefore an essential element in gaining the respect of my elite conversants (Mikecz, 2012). Equally important, in terms of maintaining friendly and trusting relations, was to invoke third-party criticisms rather than voicing my own reservations in order not to alienate the conversant (Berry, 2002). Finally, I followed the advice of Mikecz in sending ‘thank-you’ messages after my interviews – in genuine thanks for the time and energy of conversants (2012).

The complement of 58 individual interviews, along with mixed quantitative-qualitative surveys, form the foundation of this thesis. The results of these interviews also shaped the design of the surveys to follow; my conversants provided me with insights I could not otherwise have gained. The advantages of qualitative research became apparent several times in the course of the data collection process, as detailed below.

I employed a sampling frame for selecting conversants within each of the case studies where this was appropriate, and in the remaining cases I sampled different proportions of each so as to achieve a balance of conversants. These procedures accorded with the principles of theoretical sampling, in which the aim in this instance is to gain an understanding of the attitudes of economists across the political spectrum, rather than to interview a strictly representative sample of Canadian economists. This could also be considered to be a form of stratified sampling, in that I

sampled randomly from a list of possible conversants within some of the cases under study.

Among certain groups, on the other hand, I simply sought out as many conversants as possible – among the COMER (Committee on Monetary and Economic Reform)<sup>43</sup> members, as my only sample of autodidact economists, and also among the chief economists of the major banks. As a small group in each case, it was possible to interview nearly all of the relevant actors; the most significant issue in these instances concerned questions of access.

In the case of the chief economists of the major banks, I simply contacted all five of them as many times, and in as many ways, as was conceivably possible. In the event, I was able to interview four of the five current chief economists and two other former (and particularly well-known) chief economists. As for COMER members, I simply interviewed as many active members (members who attend meetings regularly or were long-time regular attendees over the course of several years previously; the latter category is included because many formative COMER members are elderly and may have not been physically able to participate in recent years) as possible, via a snowballing sampling technique beginning with the COMER members known to my grandfather. This process yielded a total of 6 COMER conversants (7, if the lawyer in the COMER Bank of Canada case is included) across the country, mostly in Toronto, with one conversant each in Saskatoon and Vancouver.

One of the Torontonians was COMER co-founder and co-litigant of the COMER case against the Government of Canada, William Krehm, who was 101 years old at the time of our interview. Sadly, in recent years he has declined significantly and I reportedly saw him on one of his bad days; he was, as a result, confused at times and unable to answer the bulk of my questions (he answered a few of them by happenstance along the way, however), although he was unfailingly warm and charming and his repeated attempts to give me books and ask about which musical instruments I played belied his lifelong curiosity and love of music. Fortunately his remarkable life has been documented elsewhere, which allowed me to fill in enough gaps to feel comfortable including his testimony in my study, although I fully acknowledge that this interview differed greatly from the others.

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<sup>43</sup> For clarity, refer to the Guide to Canadian Think Tanks table for a list of think tanks and their political orientations.

Aside from conversant Kateri Pino, whom I have known for years as one of my grandfather's fellow COMER members in my hometown of Saskatoon, Saskatchewan, I reached COMER conversants via William Krehm's assistant, Rita; she answered my unsolicited email to the address listed on the COMER website, provided me with the email addresses and phone numbers of active members, added me to the COMER mailing list, and even mailed me a box of books on monetary reform.

In selecting conversants from the CCPA (Canadian Centre for Policy Alternatives), I simply contacted the two people who had authored the most work on economic issues; the Executive Director there is not an economist, and the hierarchy is quite flat, so I did not take the same approach as I did with the other think tanks in my sample.

I had initially planned to select conversants from among PEF (Progressive Economics Forum) economists by using their 21-member online list of authors as a sampling frame. I soon discovered that I had unwittingly included several PEF members in my sample already, however; both of my CCPA conversants were PEF members, as were all four explicitly heterodox academic economists I interviewed, in addition to two of the few microeconomists who ended up in my sample. Because I had specifically targeted the upper echelons of other organisations from which I sought conversants – especially among the think tanks and major banks – and since several other conversants in my sample had recommended interviewing him in any case, I decided to cap off this unexpectedly long list of PEF conversants by interviewing the founder of the PEF, Jim Stanford, then-Chief Economist of Unifor, Canada's largest private-sector union. In total, then, the PEF members in my sample totalled nine.

This means that my sample likely skews disproportionately heterodox relative to Canadian economists as a group; the best available numbers (which are certainly not representative; formal membership in a heterodox organisation will not reflect all heterodox sympathies among the whole population of economists) show that there are 231 Canadian economists who belong to, subscribe to, or are on the mailing list of the 13 heterodox organisations or journals the authors included in their study. These numbers are from 2006, the same year the census identified 11,000 economists and

economic policy researchers working in Canada (Statistics Canada, 2006);<sup>44</sup> the Canadian Association of University Teachers (CAUT) identified 1,002 of these as academic economists in 2009/2010 (2010).<sup>45</sup> For reasons I explain below, my sample would likely have skewed towards both ends of the political/ideological spectrum in any event, not least because think tank economists account for fully 12 of my conversants (in addition to 7 COMER members), figures that are not representative of Canadian economists as a whole.

Among Fraser Institute economists, it proved relatively straightforward to select from among 17 senior staff members, 52 senior fellows, and 5 senior research staff not cross-posted in the “Senior Staff” section of the website. I began by contacting the founder and first president of the Fraser Institute, Michael Walker, and its current president, Niels Veldhuis. I was fortunate to interview Michael Walker, but despite repeated attempts I was unable to secure an interview with Niels Veldhuis; I therefore contacted the other economist on the senior executive team, Executive Vice-President Jason Clemens, who granted me an interview.

To ensure that I had spoken with at least two academic researchers affiliated with the Fraser Institute, I surveyed the list of senior fellows for academics – macroeconomists – from one of my target economics departments. Somewhat surprisingly, there were only two suitable candidates on this basis – John Chant, professor emeritus of Simon Fraser University,<sup>46</sup> and Bill Watson of McGill University.<sup>47</sup> Bill Watson was already in my sample as an active macroeconomist at McGill, so I added John Chant to my list and subsequently interviewed him. On the Fraser Institute website overall, there was only one professor from the University of Toronto<sup>48</sup> (an Associate Professor of Geography); two education professors from the University of British Columbia;<sup>49</sup> a small number of professors from SFU and the

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<sup>44</sup> This had risen to 15,000 economists and economic policy researchers by 2011 (Statistics Canada, 2011), a rather dramatic increase – to be examined further in the discussion.

<sup>45</sup> The PEF told me that 15 of the 29-member steering committee are tenured professors (not all in economics, however); 3 are graduate students; and 11 are with NGOs, institutes, and unions. They have 169 (or 153 Canadian, 3 American, 2 UK, and 7 international) members in total.

<sup>46</sup> Hereafter referred to in shortened form – “SFU” instead of “Simon Fraser University.”

<sup>47</sup> Hereafter referred to in shortened form – “McGill” instead of “McGill University.”

<sup>48</sup> Hereafter referred to in shortened form – “UToronto” instead of “University of Toronto.”

<sup>49</sup> Hereafter referred to in shortened form – “UBC” instead of “University of British Columbia.”

University of Calgary<sup>50</sup> in economics, political science, and public policy; and no representation whatsoever from Queen's University,<sup>51</sup> the University of Western Ontario,<sup>52</sup> Université de Montréal,<sup>53</sup> or York University<sup>54</sup> – very few from any of the top universities in Canada, and of the Americans listed, the academics hailed from institutions I was unfamiliar with (which was surprising, as I had lived and studied in the U.S. for four years).

From my interviews with think tank economists at either end of the political spectrum, I determined which so-called centrist think tanks were most often mentioned by economists from both poles; I weighed the centrist institutions' relative importance on the basis of mentions from fellow economists, the number of employees listed on their websites, and their volume of research output. The C.D. Howe Institute, the Conference Board, and the IRPP were mentioned the most by economists in my sample, although the IRPP was considerably smaller and had a more modest research output than the other two.

I selected C.D. Howe Institute conversants on the basis of seniority and, as before, with an emphasis on macroeconomists. I approached the President and Chief Executive Officer, Bill Robson (an impressive number of my other conversants had recommended speaking to him), initially with no result – more on that below. I also approached Vice President of Research Daniel Schwanen (introduced to me by Don Brean, a UToronto professor) and Associate Director of Research Ben Dachis (whom several of my academic conversants recommended as well).

I submitted a request on the Conference Board of Canada website to interview President and Chief Executive Officer, Daniel Muzyka, and Glen Hodgson, Senior Vice-President and Chief Economist at the time. As detailed below, I ended up being in a position to interview both of them, but as there was some uncertainty as to whether I would be able to interview Daniel Muzyka I opted to interview the Deputy Chief Economist, Pedro Antunes, as well.

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<sup>50</sup> Hereafter referred to in shortened form – “UCalgary” instead of “University of Calgary.”

<sup>51</sup> Hereafter referred to in shortened form – “Queen's” instead of “Queen's University.”

<sup>52</sup> Hereafter referred to in shortened form – “Western” instead of “University of Western Ontario.”

<sup>53</sup> Hereafter referred to in shortened form – “UMontréal” instead of “Université de Montréal.”

<sup>54</sup> Hereafter referred to in shortened form – “York” instead of “York University.”

At the IRPP I simply interviewed Research Director Stephen Tapp, who is a macroeconomist and who was recommended multiple times by fellow economists; by this point I already had accumulated too many conversants and there were no other macroeconomists on staff (the IRPP's research covers more than just economic policy, whereas the other centrist and right-of-centre think tanks I examined were more focused on economic policy issues).

I adopted a slightly different approach with the Bank of Canada as there were a great deal more possible conversants in the Economics division there.<sup>55</sup> I initially intended to engage in systematic sampling of the 221 candidates listed on the website until a total of 15 conversants had been selected. Unfortunately, as I discovered, the Bank of Canada website does not list contact information for individual employees. Because I had received messages from a Bank of Canada email address for my Master's research, I deduced that the Bank would use the same formula for all employees (first initial + first name @bankofcanada.ca) and proceeded to contact members of the Governing Council and Senior Management that way. I did not receive a single direct response to any of these messages; instead, I learned about the presence of gatekeepers within the Bank of Canada. I received a message from an administrative assistant who noted that I had contacted several employees at the Bank and asked for further particulars as to what I was studying, to whom I wished to speak, and so on. I complied with her requests and, as detailed below, eventually secured one interview. I was unsuccessful in a further attempt at finding so much as a second current Bank of Canada employee as a conversant, also detailed below; all in all, then, my results looked nothing like a stratified sample.

I did, however, manage to interview two high-profile former employees of the Bank of Canada. Tiff Macklem, now the Dean of the Rotman School of Management at UToronto, was the Senior Deputy Governor of the Bank of Canada under Mark Carney. David Dodge, now a Bay Street<sup>56</sup> lawyer at Bennett Jones LLP, was the Governor of the Bank of Canada from 2001 to 2008. Perhaps because he had so recently been a part of the Bank, Tiff Macklem required that questions be submitted in advance (from which he selected a small, and distinctly uncontroversial, subset to answer) and seemed somewhat hesitant to be interviewed.

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<sup>55</sup> A total of 301 economists ("with a regular employee status") worked at the Bank of Canada as of 30 November 2016 (Prom, 2016).

<sup>56</sup> Canada's Wall Street equivalent.

Finally, I selected my academic conversants on the basis of several considerations. First, in line with the goal of determining the views and social norms among elite Canadian economists, I surveyed national rankings of economics departments and selected those that most consistently appeared in the list of the top ten; there were eleven of these. Most were housed within U15 universities.<sup>57</sup> They comprised: UBC (Vancouver School of Economics and the Sauder School of Business – 2 departments in the top ten); UToronto (Department of Economics and Rotman School of Management – 2 departments in the top ten); Queen’s, Western; McGill; UCalgary<sup>58</sup>; and UMontréal. The remaining two universities (not in the U15) were SFU and York. Several other universities could reasonably be classed as being in the top ten; the rankings were less than consistent. I ended up with conversants from two of these institutions, the University of Ottawa<sup>59</sup> and Carleton University, for other reasons. If time and resources had permitted, I would have interviewed professors from Dalhousie University, McMaster University, the University of Manitoba, and the University of Alberta as well.

I included the two business schools for two reasons – first, they did indeed make it into most rankings of the top economics departments in the country. Second, as mentioned above, business schools now account for a majority share of economics education provision in some universities. Economics – and related fields such as finance – is now a dominant discipline in business schools (Fourcade & Khurana, 2013), and in Canada, as in the U.S., there are more students and professors in business schools than in economics departments themselves (Canadian Association of University Teachers, 2010). Among the top twenty business schools and economics departments in the U.S., there are nearly as many economics PhDs teaching in the former as there are in the latter.

Within the eleven institutions I prioritised in my sample (at nine universities), I targeted full professors and macroeconomists initially. I targeted the former due to my intention to study elite economists’ views and norms, and full professors enjoy the esteem associated with their positions (and often attain those positions due to respect for their work).

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<sup>57</sup> A consortium of Canada’s large public research universities.

<sup>58</sup> I should note that the University of Calgary’s School of Public Policy, whose founder and director, Jack Mintz, I interviewed, could be classified as a think tank by many measures; in my analysis I take this into account.

<sup>59</sup> Hereafter referred to in shortened form – “Ottawa” instead of “University of Ottawa.”

I targeted macroeconomists for many reasons. First, my research concerns, in part, the contrast between autodidact and institutionally educated economists; the COMER group is a rare example of the former, and they are chiefly concerned with macroeconomics. It therefore made sense to make this the basis of my comparison. Besides which, central bankers, the federal department of finance, and the chief economists of the largest banks – three of the most important groups of economists in my study – deal in macroeconomics as well.

Second, macroeconomists as a group do not appear to have the same common left- or right-wing political valence as do economists from other specialties in economics; in their 2000 study Fuller and Geide-Stevenson found that, unlike propositions in microeconomics, “macroeconomic propositions exhibit a lower degree of consensus” (2003, p. 369), with macroeconomists’ views representing a broader range of points along the political spectrum. In contrast with microeconomics, macroeconomics has been termed “heterogenous”[sic] (Henriksen, Seabrooke, & Young, 2016, p. 2) and “always the hardest and most controversial part of the subject” (Coyle, 2009, p. 271). As it was put by the International Monetary Fund, “There are no competing schools of thought in microeconomics – which is unified and has a common core among all economists. The same cannot be said of macroeconomics – where there are, and have been, competing schools of thought about how to explain the behavior of economic aggregates (Rodrigo, 2012).” Although some claim that these disagreements are lessening over time (Blanchard, Dell’Ariccia, & Mauro, 2010), there are others who think the gap has widened, speaking of “the chasm between different macroeconomists in the early 2009 debate about the scale of the economic stimulus package needed to respond to the banking crisis and the onset of recession. One set of economists turned to Keynes for analysis and solutions, the other to the monetarists of the Chicago school. An ideological fissure which had narrowed during the stable 1990s has reopened, and in terms which have changed little in a generation” (Coyle, 2009, p. 264).

Both the literature and my conversants seemed to indicate that there was, indeed, more disagreement among macroeconomists than microeconomists. Even those whose findings contradicted this assumption – Ricketts and Shoesmith did not find this to be the case, for example – still found that “the effects of personal characteristics on response patterns was most evident in the case of macro-normative propositions” (1992, p. 212), meaning that social, educational, and other



factors can have a significant effect on one's views in the macroeconomics sphere to an extent that is not true of microeconomics.

Third, there were sound methodological reasons for targeting macroeconomists. Most economists are microeconomists (Coyle, 2009; Woolley, 2013); macroeconomics is the largest single area of study among economists, but the combined number of microeconomists vastly outnumbers macroeconomists (Roeder, 2014). Since there are fewer macroeconomists and they are much less likely to be divided into subdisciplines, it was easier to interview a viable proportion of macroeconomists in Canada. If I had spread my sample over microeconomists as well, I would have had a much less complete picture of any given subfield of economics.

A fourth reason is also methodological; it would appear that the data revolution in economics in recent years has mainly helped microeconomics as a field; macroeconomists are more likely to still be working with models and theory, which is where “representative agents” and the like may play a role. Indeed, although most of her book constitutes a defence of the field of economics, Coyle writes:

Practising macroeconomists appear to be relying on the analysis which featured in my textbooks of the early 1980s; meanwhile, the macroeconomics taught in universities is the blind alley of “dynamic stochastic general equilibrium” models, a massively technical approach which has taken on board none of the microeconomic insights described in the earlier chapters of this book. Why does modern macroeconomics not make more use of multiple equilibrium models, learning from the insights of growth theory? These do exist, for example, in the work of Roger Farmer, which explains “animal spirits” in terms of self-fulfilling expectations (see Farmer 1993). Why have macroeconomists not incorporated the now-old insight that the structure of the economy changes dramatically from time to time and there are periods when “normal” models will not apply? Why have so few macroeconomists incorporated characteristics such as imperfect information? I do not know the answer, only that the failure of macroeconomists to learn from the advances of microeconomists explains why so many people think the economic crisis is also a crisis of economics.” (2009, p. 264).

A fifth reason is perhaps even more important: macroeconomics is the subfield of economics implicated in the 2007-2009 financial crisis. “Economic theory based on monetarism and the neoclassical synthesis, and the equilibrium and econometric models derived from them, famously and spectacularly failed to predict the crisis” (Walks, 2014, p. 258), in part because these theories and models largely failed to include debt and credit (ibid.). Market crashes at the national and international level fall within the domain of macroeconomics, and “[t]he fact that neoclassical

approaches and perspectives predominate among economists working within central banks, university economics departments, and the private financial sector as a whole, helps explain why the dominant trope being propounded is that ‘no one saw this coming’” (ibid., p. 258). Macroeconomics is also implicated in the current debates around austerity, quantitative easing, financialisation of the economy, and inflated asset prices – all hot topics at the moment.

Finally, there is good reason to examine a discipline that is, even within economics as a field, a highly geographically concentrated phenomenon. Although macroeconomics famously took off in Cambridge, UK, and Austria, most well-known macroeconomists now are American and/or teach at American universities; “In micro, while American universities lead the field, there are lots of other world-class hubs too. Mr Tirole and Mr Rochet are based in Toulouse, and Britain is still an excellent place to do micro. Macroeconomics, by comparison, is an all-American affair” (The Economist, 2012). If this is true, or perceived to be true, there is a good reason to examine this in the Canadian context, as so many Canadian economists are U.S.-educated.

If, during the selection process, I was unable to find two professors in each institution who were both macroeconomists and full professors, I sought out full professors with expertise in income inequality as an alternative. I picked this category of professors because of the underlying intention to include extreme/deviant cases in my sample; professors with a particular interest in income inequality are likely to be concerned about the issue on a personal level, and this may say something about their ideological orientation. I believed this consideration would provide an instructive contrast.

If unable to find full professors in either of these two areas, I would resort to contacting professors lower down the academic hierarchy. This only happened only rarely in the event, and as such my sample skewed older than average; I will return to this point in the discussion and analysis sections of the thesis.

Finally, in line with the need to select extreme/deviant cases in order to provide instructive contrast, I sought out more heterodox economists than had organically made it into my sample. In fact, only one of the academic conversants in my original sample was an avowed heterodox economist; the other three heterodox academic economists in my sample were chosen later, on the basis of recommendations from their economist colleagues. In this way I was able to interview four out of the five

best-known heterodox economists in the country, only one of whom teaches at one of the eleven target institutions (John Smithin at York). Two of the others, Marc Lavoie and Mario Seccareccia, teach at UOttawa (which does appear on some top ten lists), while the fourth, Louis-Philippe Rochon, teaches at Laurentian University. The interviews with these economists were very helpful in determining the place heterodox economists occupy within the academic sphere, and in learning about alternative approaches to the field more generally.

As alluded to above, the difficulty in securing face-to-face interviews with Bill Robson, President and CEO of the C.D. Howe Institute, and Daniel Muzyka, President and CEO of the Conference Board of Canada, necessitated the use of telephone interviews – the only two instances in which I resorted to such an option. Stephens – who, in a strange parallel, is one of the only researchers I know of to focus on elite economists – points to a number of potential difficulties associated with telephone interviews: the risk of interruption, the difficulty in directing the topic of conversation, a lack of visual cues to aid in communication, the need to articulate questions more clearly, lack of control over the environment, the inability to hand over preparatory materials in person, and complications in recording interviews (Stephens, 2007). Of these, the first four were important considerations, although they did not turn out to be problematic; both conversants were respectful of pauses and did not interrupt unduly, the sound quality was good, and the rapport we developed was scarcely less than what I had formed with other conversants, despite the seniority of the interviewees (they represented, respectively, the two largest and most influential centre- or centre-right think tanks in the country). In both cases I asked to record the interview, which Robson and Muzyka both consented to, and the sound was miraculously clear. The only paperwork I had used in other interviews were consent forms, which I simply emailed to both conversants' assistants.

In the design of my interview questions, I included a number of background questions designed to induce the conversants to relate a narrative of their economics education and how they came to be economists. Herein lies the importance of the concept of narrative identity, the narrative construction of a sort of "life story" that lends coherence to a series of events or concepts, which can be applied to individuals or communities/nations alike (Gardner, 2010; Ricoeur, 1991). As a species, humans tend towards storytelling (Wilson, 2012) and thus are more willing and able to absorb information in narrative form; they also construct meaning out of cohesive

narratives (Hendel-Giller, 2010). The “narrative turn” in the social sciences in the past two decades is a recognition of the human tendency to create narratives out of life events (Wyk, 2012) and in fact Canadian economists’ narratives turned out to be an excellent measure of the evolution of their perspectives and ideological commitments over the course of their formal or autodidactic economics education.

Some of my conversants – especially many of the COMER members – were themselves witnesses to major events in economic history. Witnessing the economic reality of World War II, say, or the stagflation era of the 1970s, has the potential to change the nature of one’s assessments of these events and their aftermath (Gardner, 2010); I made sure to note differences between my older conversants’ perceptions and those of conversants whose views were based on the historical record and second-hand testimony. I also, wherever possible, triangulated my conversants’ accounts by verifying events, trends, and statistics revealed in my conversants’ versions of history by way of consultation with Statistics Canada, official documents, and contemporary media accounts of the events and facts in question (Duncan, 2004; N. L. Holt, 2003). Examination of various groups’ historical narratives is not just an academic exercise; as Karen Ho indicates:

One of the ways in which Wall Street investment bankers control their present and future representations is to strengthen their hold on the past. [In my book] I thus examined in detail how Wall Street and advocates for a finance-centric approach to corporate America interpret and use history, from their understanding of finance’s role as the “original” fountain of capital for all public corporations to their viewing of corporations and the stock market through the lens of neoclassical economic and private property values (Ho, 2012, pg. 40).

In essence, Wall Street actors’ interpretation of history allowed them to project an image onto their current and future selves; if this is true for Canadian economists, their historical narratives would be likely to continue to inform their beliefs and actions on an ongoing basis. Furthermore, economics has a history of being influenced by narrative accounts at times; the strange and everlasting popularity of Ayn Rand’s novels, especially *Atlas Shrugged*, helped spread of the idea of the rational man, for example. Against this background my conversants’ narrative histories therefore seemed particularly important to collect.

The other two major components of my interview questions were, first, those that identified the conversant’s view of think tanks across the political spectrum and of other economics departments in the country. This was to determine how legitimate

certain individual economists and groups appeared to their peers, but it also helped place each conversant on the political spectrum as they identified which think tanks they trusted and why.<sup>60</sup>

Finally, several interview questions probed my conversants' views of specific policy issues that included an ethical dimension – questions relating to income inequality, tax evasion, usury (a loaded term that I used purposely in order to elicit a response), and the like. This was helpful in determining a) how economists think through such questions and b) to what extent their ethical orientations are related to their education, relevant data, or other factors.

I purposely left out any explicit mention of climate change, gender, and race until the end; I was interested in finding out whether my conversants would bring up these issues without my prompting. These “silences” in academic works and media coverage alike are particularly interesting in a field like economics, which is almost unique among the social sciences in being dominated by men (May, McGarvey, & Whaples, 2014; Robb et al., 2006); in my own examinations of the faculty profiles of economics departments in Canada, there is a similar dearth in racial diversity (more on this below). I was interested in learning to what extent these issues concerned economists, or even occurred to them. I was, in my very presence, a prompt, as I am a woman myself and was often one of the only women in the department other than administrative staff.

I was, similarly, interested in seeing whether climate change would be raised spontaneously; this is one area in which mainstream and heterodox economists alike share certain proclivities. Most economists, as I saw, were interested in correcting the “market failure” inherent in the “externalities” associated with pollution and climate change; the vast majority were in favour of carbon taxes. Almost all of them only mentioned this preference if I brought it up first, however, and almost all macroeconomic models (all mainstream macroeconomic models and nearly all heterodox macroeconomic models) are dependent on economic growth to function;

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<sup>60</sup> Throughout this research I refer, when relevant, to a conversant's political orientation – “a right-wing academic economist said . . .” for example. These (necessarily inexact) categorisations are based on a) my conversants' collective labeling of the think tanks along the political spectrum (these were remarkably uniform) and b) individual conversants' opinions of the various think tanks. I was usually able to discern their political orientation this way. In the few cases in which this was not possible, I checked their views of various policy issues (income inequality, etc.) against the views of conversants I had been able to categorise via the think tank method.

this poses a challenge in considering finite global resources. As climate change is one of the most pressing issues of our age, I was interested in seeing whether it was salient for economists and whether they had thought about economic growth and its apparent incompatibility with long-term environmental sustainability.

Finally, I should mention that I ended each interview with a request for my conversant to sign a consent form to confirm that I could use data from our interview and to determine whether they wished to remain anonymous. One of my conversants, Professor Emeritus John Helliwell of UBC,<sup>61</sup> strongly objected to the practice. He viewed the time he spent with me as a gift, freely given, and an expression of cooperation between peers; the consent form, he felt, turned the experience into a transactional one and constituted an offensive response to the generosity of the offer of one's time. I have to agree that it did feel this way; I enjoyed a great deal of rapport with nearly all of my conversants, and almost to a one they felt like conversations that both participants seemed to find interesting. To end off on the note of a legalistic requirement felt gauche and it detracted from the sense of gratitude and reciprocity I otherwise would have felt post-interview. Professor Helliwell pointed out that our exchange rested on trust anyway; it was on trust that I had secured interviews, that people told me things they trusted me to keep private or not, and that my faculty assumed I was getting appropriate consent from my conversants. He noted that, when he interviewed the president or senior financial officer of the largest 90 corporations in the country for the federal government's Porter Commission, only one person refused to talk to him. Similarly, my response rate was high, and I was certainly the beneficiary of a generally high level of cooperation and trust – in the spheres in which I was interviewing and in Canadian society more broadly. Research ethics are important but, like Professor Helliwell, I do not view consent forms as the best way to ensure that ethical strictures are respected. More to the point, research is itself a cooperative enterprise; to inhibit collaboration in this way is a loss to academia and to knowledge more generally. Furthermore, as per the research on prosociality (Ferraro et al., 2005; Keltner et al., 2014), acts of generosity can induce a positive feedback in both the giver and the recipient of the generous act; if we want more and higher-quality research we might consider doing what we can to encourage (or at least not hinder) that positive feedback loop.

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<sup>61</sup> Incidentally one of the people I most enjoyed speaking with; his answers revealed an amazing degree of breadth and depth of analysis.

In analysing the interview data, I listened to batches of interviews – and even parts of interviews – clustered together on the basis of one or more similarities among the conversants in that batch. This technique allowed me to pay particular attention to commonalities and differences among individuals grouped according to certain factors. The groupings I used included all of my eleven case studies as well as interviews with women, people of colour, Francophones, people working in Québec, people working in the prairies, people working in British Columbia, graduates of private and public high schools, professors and/or graduates of a particular university, macroeconomists, heterodox economists, income inequality specialists, people with financial sector experience, and people with past Bank of Canada or Department of Finance affiliations. I listened to some interviews several times in this way; a person might be a current professor with experience at the Bank of Canada and an affiliation with a couple of think tanks, for example. I would therefore have listened to her interview as a member of each of those categories. I took notes during and after listening to the interview each time, particularly noting themes that had emerged in the course of listening to interviews in a particular grouping.

Separately, I coded for normative, prescriptive, proscriptive, and calculative language, and noted quotations relevant to themes that had emerged. This is in line with a more traditional approach to textual qualitative analysis. The insistence on returning to the recorded versions of the interviews, however, allowed me to avoid reading transcripts of what were originally spoken data – in the style of the hermeneutics<sup>62</sup> of old, that of biblical scholars and historians (Crotty, 1998). If we think of hermeneutics in the modern and ever-evolving sense, however, we see here that the concept of a “hermeneutic circle” (Gardner, 2010) is highly relevant. I found that, in the course of the process of data analysis, it was easy to become absorbed in the details of an interview if I had a textual focus – while transcribing, perhaps, or while extracting a quotation for comparative use in the dissertation. Only by repeatedly exposing myself to the original recording – itself stripped of some of the context of an in-person interview, including the setting, non-verbal communication, and the like – could I take stock of the interview as a whole, and thereby contextualise its individual parts. By listening to batches of interviews in a sort of “interview

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<sup>62</sup> The study of interpretation, predominantly of text.

immersion,” it became easier to expose the Gadamerian “prejudices” each economist invariably held (Gardner, 2010); conversants with certain commonalities used language, metaphors, or perspectives to communicate that only became apparent in the aggregate.

This process logically extended to the presentation of the interview data in this dissertation. A small number of conversants requested full anonymity (10 of 58), and ultimately this was impossible without anonymising all members of that conversant’s group. For example, only one of the bank chief economists I spoke with requested anonymity, which was complicated by the fact that I had interviewed all but one of the current big banks’ chief economists; it would be easy to identify one anonymised conversant in this case. I therefore decided on a policy of “within-group anonymity” in my discussion and analysis chapters. This involved discussing the views of conversants within their respective groups (bank chief economists, for example, or heterodox economists) so that conversants are identified with their roles rather than their names. This was possible because particularly singular conversants – such as the one female former bank chief economist – did not request anonymity, and thus their views could be discussed in the context of interview data from both chief economists and female economists even though this de facto made the conversant easily identifiable.

There are special considerations that come to the fore with this approach. In the case of the founders and executive directors of the think tanks in my sample, anonymity strips analysis of power and status from the discussion. It is one thing to quote a lower-level employee of a think tank, and quite another to quote its founder; one has a much greater role in shaping the ideological and strategic orientation of the organisation. I only ever interviewed between two and four employees or executives of a think tank in my sample, however, meaning that the upper echelons’ views were highly represented in the discussion of data from any particular think tank. In the case of the Fraser Institute, for example, I only interviewed the founder and one of the top two executives, and therefore any quotations I used are attributable to one or the other – one of whom requested anonymity, while the other did not. Thus it is clear that the views expressed in this section are held by the powers-that-be, even if they are not attributable to a particular individual. Think tanks’ purpose is to spark and/or engage in public discussions of ethical issues and policy recommendations, and the views of their founders and current leadership are not a secret; thus the goal for this



research is to respect the wishes of individuals not to be quoted directly, while at the same time allowing for a discussion of the attitudes and beliefs held by the leadership of these organisations.

### *Surveys*

To supplement data from 58 qualitative interviews, I created and circulated a survey<sup>63</sup> among academics, the large banks' economics departments, PEF members, and COMER members. The longest version included 90 questions while the shortest version included 46, several of which were basic demographics questions and many of which were duplicates of questions from a large number of surveys of economists in other countries (mainly the U.S.) for ease of comparability (Alston, Kearn, & Vaughan, 1992; Caplan, 2002; Dalen & Klamer, 1996; B. B. S. Frey, Pommerehne, Schneider, & Gilbert, 2016; B. S. Frey & Pommerehne, 1988; Bruno S Frey & Eichenberger, 1993; D. A. Fuller, Alston, & Vaughan, 1995; D. Fuller & Geide-Stevenson, 2003; Gordon & Dahl, 2013; Klein & Stern, 2007, 2005; Maesse, 2015; Pieper & Willis, 1999; Ricketts & Shoemith, 1992; Sapienza & Zingales, 2013; Siegfried & Round, 2001; Slemrod, 1995; Stock & Siegfried, 2014, 2015; Wakeling, 2009).

A disproportionate number of questions in my survey came from the 1988 Block & Walker mail-in survey of Canadian Economics Association members as the only other survey of Canadian economists of this kind. Although Block and Walker made every effort to ensure impartiality, the envelopes respondents received all bore the imprint of the Fraser Institute, perhaps the most controversial and polarising economics organisation in Canada. This is a group of which one of my conversants, a bank chief economist, declared, "The Fraser Institute is garbage. Because they're totally following an agenda." He went on to say that the organisation did "all sorts of stupid things" such as committing the cardinal sin of reversing the direction of causality. Even professors who had worked with (or even served as Senior Fellows for) the Fraser Institute offered judgments such as:

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<sup>63</sup> With adjustments based on audience – the longest version was circulated among professors, PEF members, and COMER members, while a much shorter version (at their request) was circulated among the private banks' economics departments.

"I think that the Fraser Institute is viewed as more biased than the C.D. Howe, but they both correspond quite closely to my views."

"The Fraser Institute does actually pretty good work. But they've got a terrible reputation of being in the pocket of the corporate sector and they're too right-wing."

Conversants from the opposite end of the political spectrum were somewhat predictably dismissive, declaring, for example, "The C.D. Howe Institute once in a while comes up with an interesting study. The Fraser Institute I think is the worst." Even those on the fringe of economic debate perceived the Fraser Institute as an outlier; as one COMER member put it, "They're sort of really out there." But commentators from the middle-of-the-road or right-of-centre were hardly more sympathetic; one Conference Board conversant said, "Fraser is viewed as an outlier in Canada, for example," and in describing one of their top executives, "He's a true believer. Sort of – damn the facts, this is what I believe." A C.D. Howe Institute conversant agreed: "You know that their entire mission, and everything they publish, will say 'The solution is always a free-market solution. Less government is best.' If you see something from them, it's not going to be a terribly original solution."

The response from academics was mixed but largely negative, with the most positive comments mainly descriptive, in the vein of describing the Fraser Institute as "libertarian" and "not wildly influential"; another professor said, "when you know it comes from them, you discount it to a certain extent. [. . .] But that's true of all think tanks."

Most professors had fewer positive things to say; one UBC professor was not aware of any colleagues affiliated with the Fraser Institute, "and I think at UBC we would kind of say, 'Really?'" Another UBC professor had been approached to be on their original board of directors, to which he responded, "Not on your life." Others were equally dismissive:

"The think tank that I don't rate very highly is the Fraser Institute. [. . .] My perception was that they were a little bit iffy. You won't see academic economists quoting their work or relying on it."

"I would never be affiliated with the Fraser Institute. [. . . They're] a very right-wing group."

"They're garbage."

This is all to say that Block and Walker's 1988 survey, the only such survey of Canadian economists, may not have elicited responses across a broadly representative group of economists. Their 33% response rate may have generated a disproportionate number of respondents with strong views – positive or negative – of this polarising organisation, which could have affected the results.

My dissertation aims to build on the Block and Walker survey by replicating some of their questions – along with questions from other surveys of economists around the world and a small number of new questions that reflect burgeoning concerns of the era. There will surely have been biases in the response to my survey as well – the University of Cambridge may elicit certain associations for some people, for example, and my sample is not representative – but a survey from an academic institution will probably be viewed as more neutral than the Fraser Institute.

I was not quite as lucky as Block and Walker in terms of access, however; I approached the CEA and the Canadian Association of Business Economists (CABE) about circulating the survey, but despite a lengthy back-and-forth in both cases, the attempt was unsuccessful.<sup>64</sup> Of the large banks' economics departments, only two consented to circulate the survey, which generated only 7 responses. Survey samples for PEF members was similarly small, at 17 responses. It would be difficult to come to firm conclusions as to the education and beliefs of these groups due to the small sample size, as I discuss in the results section.

Academics constituted the vast majority of my respondents in the end. I circulated the survey among the economics departments of every U15 university plus York, SFU, the University of New Brunswick, and Laurentian,<sup>65</sup> as well as the two business schools in my earlier sample: the Sauder School of Business at UBC and the Rotman School of Management at Toronto. The heads of department circulated the survey on my behalf at Alberta, Saskatchewan, Manitoba, Toronto, McGill, Laval, and

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<sup>64</sup> Eventually I learned that both organisations had later been approached by a separate group of researchers hoping to circulate a survey that would allow them to update Block & Walker's results. CABE allowed their survey to go forward but not mine, which was initially quite disappointing but eventually resulted in an interesting set of discussions around legitimacy in the field. Luckily we were able to come to a cooperative resolution; we all agreed to share our results, and CABE agreed to discuss appending a few of my questions to one of their upcoming surveys.

<sup>65</sup> I added the University of New Brunswick and Laurentian because they are both small departments with an unusual concentration of heterodox economists.

SFU;<sup>66</sup> for the rest I had to assemble academics' email addresses manually.<sup>67</sup> Among academics I received 99 responses in total, approximately 10% of all academic economists in the country. As this thesis concerns the education of economists, it was fortuitous that the response rate among economics educators was the best by far.<sup>68</sup>

### *Relational Ethics/Access*

The issue of access is a potentially problematic and time-consuming one in conducting elite interviews. This is one of the reasons sample sizes tend to be smaller in research examining such populations (Richards, 1996); however, many of my conversants likely had not fielded many interview requests from researchers, seeing as Canadian economists and Canadian issues generally are under-studied, which may have contributed to a better response rate than might have been expected.

Trust between the researcher and conversants is chief among the ethical concerns raised by this study, and indeed relational ethics is a common concern among researchers using interviews as data (Doloriert & Sambrook, 2012; Ellis et al., 2011). Given that I was (and still must be) prepared for the possibility that my findings may not please any of the groups of participants I am studying, the initial representation to potential interviewees of the purpose of my research was a delicate matter. In terms of access to COMER members, I have the advantage of being the granddaughter of a respected long-time COMER member and was thus probably assumed to be sympathetic to the economic and political orientation of the group. This raises a further ethical conundrum, however, in that COMER might consider my findings to be unfavourable to their group and their cause.

Access in the case of my other conversants chiefly raised issues specific to research on elites and elite culture (Goldman & Swayze, 2012; Hertz & Imber, 1995; Mikecz, 2012). Members of elite groups typically receive many more requests for

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<sup>66</sup> I am grateful to these Department Heads for sparing me hours of mindless (and repetitive strain-exacerbating) labour!

<sup>67</sup> This may have affected the response rate and the distribution of responses, as economists who would respond to the source of one appeal may have not responded to the other and vice versa.

<sup>68</sup> The distribution of these responses was uneven, however; although it was to be predicted that the bulk of respondents would come from large departments (SFU and Toronto together accounted for 44.4% of responses), there were disproportionately few responses from McGill, Laval, and UMontréal.

interviews than they are prepared to grant. Moreover, their seniority and influence places them in an elevated position relative to that of the average academic researcher. Elites also commonly make use of gatekeepers whose task is to mediate access to them. For these reasons, personal connections are usually required to arrange elite interviewees; although I had some such advantage among COMER and PEF members, I had no relevant personal connections among the others. Access therefore remained an issue even with my so-called “non-elite” conversants, although for different reasons.

For COMER members trust may have been a particular issue: because they have been so thoroughly ignored – even maligned – by the mainstream in Canada, it was possible that COMER members might assume that a researcher would only approach their group as a curiosity or as a gang of conspiracy theorists. Fortunately I had suitable credentials. I approached COMER leaders and cross-country membership through the friends of my late grandfather, who was a trusted and esteemed member of the local chapter in Saskatoon, Saskatchewan, right up until his death in 2008 at the age of 95.<sup>69</sup>

I first approached my grandfather’s fellow committee member Kateri Pino, who had already shared COMER reading materials with me; Paul Hellyer (see below), for whom my grandfather organised several local speaking engagements over the years; and William Krehm, one of the co-founders of COMER and a plaintiff in their court case.<sup>70</sup> As noted above, Krehm’s assistant, Rita, helpfully provided contact information for other COMER members. Of those, Connie Fogal, Michael Sinclair, Stewart Sinclair (no relation), and Rocco Galati (COMER’s lawyer) responded promptly to my queries. I spent a great deal of time tracking down William Krehm’s co-litigant in the COMER court case, Ann Emmett, as she does not use email and was otherwise difficult to reach due to health issues. Luckily she did return my calls at long last and invited me to her home for a lovely meal and an interview nearly three hours long. I spent at least as much time attempting to track down former Deputy

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<sup>69</sup> My grandfather was a rural politician at the local level, a life-long farmer and autodidact with a primary school education. Even as a farmer my grandfather had the spirit of an autodidact; he lived in agricultural communes in Russia, Cuba, and China in the 1960s, 1970s, and 1980s for periods of weeks or months, and Raul Castro once showed him around the former Castro estate (which we only discovered due to a casual comment my grandfather made upon Fidel Castro’s abdication).

<sup>70</sup> The COMER court case against the federal government concerns the role of the Bank of Canada; COMER argues that the Bank should lend to the federal and provincial governments at no interest.

Prime Minister and founder of the Canadian Action Party, Paul Hellyer, for an interview; although he at one point responded to one of my emails, he did not respond thereafter and I was eventually forced to abandon the effort. As he is now 93 years of age, that was perhaps unsurprising.

I had a few entrees to the PEF, having interviewed several contributing authors for my MSc thesis on the Canadian banking system, and as I had hoped, PEF members were as helpful with this research as they were with my previous project.

On the central banking side, access was a great deal more difficult. Although it was a lofty aim, I contacted former Bank of Canada Governor (and current Bank of England Governor) Mark Carney in order to reach high-level employees of the Bank of Canada; I had interviewed him for my Master's thesis and still had his personal Canadian cell phone number.<sup>71</sup> Somewhat predictably, I was not able to reach him. As indicated above, I guessed the email addresses of the current Governor, the Senior Deputy Governor, the four Deputy Governors, and a handful of other employees and contacted them directly. I received a response from the Bank's Director of External Communications, who asked for further details, which I provided prior to receiving a response saying that Deputy Governor Lawrence Schembri had agreed to be interviewed, and that he was "the executive sponsor of recruiting for the Bank, so he is the best placed, most senior person for you to speak with. Further, he is a former professor of economics at Carleton University." However, the interview was to be "on background, which means that you can use the information that's discussed, but you can't quote DG Schembri or the Bank." I was also asked to provide questions in advance, which I politely declined to do for methodological reasons. I later met with Craig Wright, chief economist of the Royal Bank of Canada, who recommended that I speak with Deputy Governor Agathe Cote, so I asked the Director of External Communications whether that might be possible. This request was declined as well.

During our interview Lawrence Schembri was unable to comment, even as background information, on the COMER case before the courts. Because of the prohibition against quoting Schembri or the Bank, it has been necessary to obscure whether my Bank of Canada conversants are current or former employees; in this

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<sup>71</sup> Amusingly, a chagrined Carney agreed to an interview for my MSc thesis after accidentally pocket-dialing me at 6 AM Saskatoon time (I believe he was in London at the time, perhaps for discussions relating to his later appointment to the position of Governor of the Bank of England). I had called him after finding his phone number in the internal listings on our common alma mater's alumni website; I assume it has since been removed.

way comments from the two other Bank conversants could be mixed with Schembri's to maintain within-group anonymity.

Finally, I attended an event in London featuring Deputy Governor of the Bank of Canada Carolyn Wilkins, at which I slipped a message to her assistant, who sincerely promised to pass it along to her. Perhaps for the same reasons of confidentiality, I did not receive a response.

It was almost as challenging to gain access to the chief economists of the five largest private Canadian banks, which together account for a large majority of the Canadian banking sector as a whole. I was fortunate to come across a notice of the Canada-UK Chamber of Commerce's 6th Annual Canadian Chief Economists Panel Debate & Lunch in the Canadian High Commission newsletter. The event had a hefty price tag, but I wrote to the organisers to ask whether, as my thesis topic concerned Canadian economists, I might attend as a guest. The event coordinator wrote back to say that I could attend if I helped with administrative tasks at the event, to which I readily agreed. After the panel, I quickly approached the chief economist who first separated himself from the crowd; this was Avery Shenfeld of the Canadian Imperial Bank of Commerce (CIBC), who chatted amiably with me and gave me his card so that I could follow up.

By the time we had finished speaking, the other chief economists had dispersed, but once I secured an interview with Avery Shenfeld I mentioned his name in my emails to the other chief economists. They all eventually responded positively to my interview requests – with the exception of Craig Alexander of TD Trust, who, as it turned out, was in the midst of transitioning into retirement. He was to be replaced by Beata Caranci, whom I attempted to contact a few times. In one instance she responded to say that she was busy with the transition but would be available during a specified period, but when I contacted her during that period she did not respond. This was particularly disappointing as she was the only current chief economist of a major Canadian bank to whom I did not speak. She was also the only woman of that group, and TD Trust has at times been an outlier in terms of its behaviour compared with other Canadian banks (Livesey, 2012; Quigley, 2012). She was in the midst of a major career transition, however, so was understandable that she did not have time for an interview with a PhD student. Fortunately I was able to interview former TD Trust Chief Economist Don Drummond as well as former Executive Vice-President

and Chief Economist of BMO Financial Group Sherry Cooper, who was able to comment on the experience of being a woman in such a position.

As an aside, I had attempted to contact economists at the major Canadian banks for my Master's thesis, with extremely limited success. It was clear that the personal conversation with Avery Shenfeld of CIBC, and the legitimacy conferred upon my other requests by the use of his name, made all the difference in securing such an outstanding line-up of conversants among the major banks. Indeed, the journalists from the Globe and Mail and The Economist expressed astonishment that I was able to speak with all but one of the chief economists.

As I had already gleaned from media commentaries and other researchers, the Department of Finance was much more difficult to gain access to. Initially I simply sent emails and made phone calls that were not returned. After Craig Wright of the Royal Bank of Canada specifically recommended speaking with Deputy Minister of Finance Paul Rochon, I wrote a message to Rochon in which I mentioned Wright's name and recommendation; an assistant replied. She asked a couple of questions about my research, which I answered, to which she responded by declining my interview request – citing “calendar conflicts” for the unspecified timeframe in which I had hoped to schedule the interview. I replied to this message offering to visit or call anytime over the coming several months, but received no response. After the Liberal Party won the 2015 election, I again attempted to contact the Department of Finance (long after my other fieldwork was completed); it again declined to grant an interview with Rochon or the Minister of Finance, Bill Morneau.

Among the think tanks access was much easier. At the CCPA I interviewed David Macdonald<sup>72</sup> and his colleague Armine Yalnizyan, both of whom responded swiftly to my request. The CCPA helpfully sent along contact information for Jim Stanford, founder of the PEF, who was also willing to meet.

The C.D. Howe Institute was just as easy from the second tier of the hierarchy downwards, but securing the interview with President and CEO Bill Robson was a challenge. Vice President of Research Daniel Schwanen and Associate Director of Research Ben Dachis both responded promptly to my request. Bill Robson, on the other hand, required repeated attempts at contact. I had already called the Institute, to no avail, but later emailed him directly. In my first written message I mentioned that my conversants Michael Trebilcock, Chris Ragan, and Angelo Melino, among

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<sup>72</sup> Whom I had interviewed for my Master's thesis as well.



others, had recommended that I speak to him. Six months later, I wrote a follow-up message mentioning that I had interviewed Jack Mintz, Michael Walker, almost all of the chief economists of the big banks, and a slew of academic economists, a significant number of whom had told me – emphatically – to speak to Bill Robson. His assistant responded in the affirmative that time, although (as above) the interview had to be conducted by telephone.

This experience, among others, drove home the importance of mentioning the names of other influential figures in any attempt to contact – or re-contact – high-profile conversants. Indeed, securing an interview with one or more influential economists makes it much more likely to speak with their peers in this elite realm, as is the case in other elite realms as well.

In order to secure conversants at the Conference Board of Canada, which did not have individuals' contact information listed online, I first submitted a website comment requesting interviews with the President and Chief Executive Officer, Daniel Muzyka, and Glen Hodgson, Senior Vice-President and Chief Economist. Glen Hodgson's administrative assistant responded promptly to my message, agreeing to set up a time to interview Glen Hodgson and suggesting that I interview Deputy Chief Economist Pedro Antunes, which I did. There were, unfortunately, delays in scheduling the interview with Daniel Muzyka that made it impossible for me to interview him in person; I therefore ended up interviewing him by telephone – one of only two conversants I spoke to in that way. Overall access at the Conference Board was excellent.

The Fraser Institute was almost as receptive to my requests; as mentioned above, despite repeated attempts I was unable to get an interview with the current President, Niels Veldhuis. Executive Vice-President Jason Clemens, however, was a willing conversant and – most unexpectedly – the founder and first President of the Fraser Institute, Michael Walker, wrote one of the most charming responses I received in the course of my fieldwork.<sup>73</sup>

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<sup>73</sup> Dear Ms. Quigley,

I am very pleased to receive a communication from one with such a distinguished Irish heritage. My fore-bearers include O'Sullivans and Collins. I have not seen the name Quigley since growing up in Newfoundland where they were family acquaintances. You probably know that Quigley is an ancient Gaelic name.

Finally, among the think tanks the IRPP was also highly responsive. Several of my conversants had recommended that I speak to their Research Director, Stephen Tapp; he responded readily to my request, and has the distinction of submitting to the longest interview in my study – just over three hours. It goes without saying that a three-hour interview early on in the fieldwork process is a gift beyond measure; many of my later strands of enquiry can be traced back to that conversation.

Among academics, my single largest group of conversants, access was mixed. As a (loose) rule, access was more difficult at universities whose economics departments were higher up the rankings. This was particularly true of UToronto and UBC. At UToronto it took me all three rounds of fieldwork – and (repeated) unsuccessful attempts at contacting around a dozen professors with relevant areas of interest – to find sufficient conversants in both the economics faculty and the Rotman School of Management. In the end, because I had contacted so many people there, I had more than enough conversants from the Rotman School of Management; there I interviewed two professors and the Dean, former Senior Deputy Governor of the Bank of Canada, Tiff Macklem. None of the first few people I contacted at the department of economics responded, so I dropped the full professor and macroeconomics requirements in contacting a third round of conversants; finally, a full professor with a joint appointment to the law school responded. At UBC I had trouble initially, which led to an increase in my contact rate, which resulted in overshooting my target of two conversants per university; I ended up interviewing three professors there. At the UBC Sauder School of Business, on the other hand, I never did have any success; there were very few professors with biographies that were even remotely orthogonal to my study, and none of them replied to my interview requests. Thus this was the one department among my target institutions in which it appeared that I would have no conversants at all. Luckily, the President and Chief Executive Officer of the Conference Board of Canada, Daniel Muzyka, whom

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I would be happy to talk to you about the development of Economic understanding in Canada – even if your name was not Quigley ☺. You can reach me at this email or by telephone.....I live in Vancouver now and there is a seven or eight hour time difference so please take that into account....[phone number redacted].

I am delighted that you are doing an analysis of economic education.

Best wishes,

Michael Walker

I interviewed last of all, turns out to be a full professor at the Sauder School of Business; he is also its former Dean. Also, because my repeated attempts at the UBC department of economics ended up yielding more results than planned, I at least ended up with a workable number of UBC conversants overall.

Queen's was no trouble at all; I ended up with two professors there with very little prompting, and also effectively a third: Don Drummond of the School of Policy Studies at Queen's was also the Chief Economist at TD Bank for ten years (until 2010) and spent almost 23 years with the federal Department of Finance, and thus made it into my sample for other reasons.

Western was slightly more difficult, but I was extremely fortunate in that arguably the most famous academic macroeconomist in Canada, Professor David Laidler, responded almost immediately to my request. Two other professors either did not reply or only had time to answer emailed questions. After a second email to a fourth professor, I was able to find another conversant to interview there.

At York one of the first two professors I contacted responded immediately, while it took me months (and repeated relaxation of my search requirements) to secure my second York conversant; that professor, although she held a post in the department of economics, was in fact housed in the School of Public Policy & Administration there.

At McGill, similarly, my first conversant was relatively painless to secure but the second appeared not to be forthcoming. Because I ended up contacting so many professors in hopes of finding a second conversant, several of whom I contacted in a rather large batch as I began to worry about running out of time, I ended up interviewing a total of three McGill professors.

SFU was a severe challenge; had I not approached professor emeritus John Chant due to his Fraser Institute affiliation, and if Professor Krishna Pendakur had not agreed to a brief interview after many failed attempts among his colleagues, I would have struggled to represent SFU at all.

At UCalgary, access was excellent; the assistant to the Founder, Director, and Palmer Chair in Public Policy at the School of Public Policy (a pseudo-think tank housed within the university), Jack Mintz, responded almost instantaneously to my request for an interview, while the first and fourth professors I contacted in the Economics Department both consented to an interview.

At UMontréal both of the first two conversants I sought out agreed to an interview; so did all of my heterodox conversants at UOttawa (two professors), Laurentian University, and, as mentioned above, York. Both of the professors who made it into my sample on the basis of recommendations from other professors and think tank economists, from Carleton University and the Université du Québec à Montréal, both promptly and positively responded to my requests.

In general, I can only be very grateful for the responses I received from conversants at almost every institution, in all geographic regions, at all levels of hierarchy, and across the political spectrum. I have no way of knowing whether I would have been as fortunate had I based my study in another country, but in any case the stereotype of the ‘nice Canadian’ was amply confirmed in my experience; my response rate was high, people were generous with their time, and my conversants were unfailingly kind and helpful when I met them.

### *Generalisability*

One of the chief challenges for the small number of researchers of financial and economic elites has been “how to discuss dominance and influence without over-generalizing” (Ho, 2012, pg. 35). Ho notes that she “was faced with the twin challenges of attempting, on the one hand, to localize, particularize, and culturalize financial actors (especially since finance and the markets are dominantly naturalized to be acultural, neutral, cyclical), and, on the other hand, to demonstrate their generalizable and wide-reaching effects on our socio-economic lives and institutions” (Ho, 2012, pg. 35).

The question of generalisability is interesting in this case, because at first glance generalisability does not appear to be strictly necessary; there are only three alternative economics organisations of any considerable size and reach in Canada, and this research encompasses them all. There is a particular risk of unrepresentative sampling with elites, however, due to access issues (Richards, 1996). Compared to the study of groups nearer to the ends of the political spectrum, it will also, of course, be much more difficult to assemble a full picture of mainstream economic discourse in Canada. Generalisability is, here, even more of a concern. One should always hesitate to generalise from qualitative interview data (Aberbach & Rockman, 2002), and it would be difficult to claim that I interviewed a truly representative sample – but the

qualitative interviews I conducted were aimed at sampling the *range* of economic thought in Canada. Indeed, I specifically targeted outliers among Canadian economists, in addition to my attempt to interview as many women and people of colour as possible. Even if my sampling had been broadly representative, however, the sheer numbers would not have warranted generalising; I interviewed 29 out of 1,002 academic economists in Canada, for example – or 2.9%. Of approximately 15,000 economists or economic policy researchers and analysts in Canada, I only interviewed 49 (plus six autodidact economists, two journalists specialising in economic issues, and one lawyer); that comes to 0.33% of all Canadian economists. I interviewed a much larger proportion of academic macroeconomists, however,<sup>74</sup> and my survey reached 99 professors – approximately 10% of all Canadian-based academic economists – the group with the most influence over economics education in Canada.

I also interviewed a significant proportion of think tank economists, including nearly all economists at the leadership level. By that measure my sample can be claimed to be highly representative of the views of the leadership of economic think tanks in Canada; other than in the case of the CCPA and the IRPP, whose leaders were not economists, I interviewed the founder and/or CEO and/or President of all of the other think tanks in my study. Similarly, I was fortunate to have gained access to so many of the chief economists of the five largest Canadian banks – 4 out of 5. I thus have a comprehensive view of the opinions and thought processes of the leadership of those banks' economics departments, a rarity indeed.

True generalisability is not possible given the limitations of my research; however, my research design allowed me to compare the qualitative results from my interviews with the qualitative and quantitative results from my survey. Combined with the status and influence of the economists in my sample, I may be in a position to draw some tentative conclusions as to the orientations of Canadian economists as a whole. In fact, due to the current lack of research on Canadian economists and Canada more generally, this project may well be the most complete mapping of economics in Canada yet.

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<sup>74</sup> Based on the survey results, approximately 9.1% of academic economists in Canada are macroeconomists, and almost all of my academic conversants were macroeconomists.

## *Positionality*

As regards my positionality, my identity and place in the world could be considered more of an advantage than a drawback for the study at hand, bearing in mind that objectivity itself is impossible. Most notably, there is my strong family tie to COMER through my late grandfather; my sympathy for COMER members' views is genuine. Furthermore, I was raised in a context of autodidacticism – both in terms of my personal and familial context as well as the culture I was surrounded by.

I was raised by my extended family in addition to my parents. My grandparents, with whom I probably spent the most concentrated amount of time, lacked formal education to varying degrees<sup>75</sup> – yet they engaged fully in informal learning; my grandmother insisted upon what I later termed “the wonder principle” – if someone asked a question to which no one else knew the answer, she would clap her hands enthusiastically and ask the questioner to run to the encyclopaedia<sup>76</sup> before his or her curiosity had waned. Rather uncommonly, aside from my sisters and me, all of my maternal grandparents' grandchildren were at least partly homeschooled, “unschooled,”<sup>77</sup> or both, and in my formative years I failed to form an opinion I later discovered was common elsewhere – that education is strongly correlated with intelligence. Indeed, one of the smartest people I know is a cousin who has still never spent a day in a classroom.

Furthermore, my social milieu during my formative years reinforced an autodidactic cultural norm; the democratic socialist history of my home province of

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<sup>75</sup> None of my grandparents attended university during their working lives, but my maternal grandparents did end up taking university courses after they retired – during their 70s, 80s, and even 90s. My grandmother also kept up a lively correspondence with various university departments over the course of several decades; aside from Canadian Broadcasting Corporation radio shows and whatever books they could afford, that was her primary intellectual stimulation for many years on the farm.

<sup>76</sup> The encyclopaedia was itself evidence of the emphasis my grandparents put on the satisfaction of curiosity; we forget this in the age of Wikipedia, but encyclopaediae were a significant expense for a family of modest means.

<sup>77</sup> Unschooling involves no curricula whatsoever; it is driven entirely by the curiosity of the child. One of my cousins only learned to read at the age of 9 because she had previously expressed no interest; as a young woman she later became the Chief of Staff of the Attorney General of the Province of Ontario. My uncle, a wonderful (and wonderfully eccentric) former professor of Education at the University of Saskatchewan, inaugurated the unschooling movement in Saskatchewan; it now boasts many thousands of members. He has been, without question, one of the greatest influences in my life; it is therefore no exaggeration to say that the unschooling ethos informed part of my intellectual development.

Saskatchewan could be considered to be the product of mass autodidacticism on the part of its agrarian population in particular. Saskatoon, Saskatchewan's largest settlement and the city in which I was born and raised, still has a minuscule private school enrolment<sup>78</sup> and boasts an annual library usage rate representing 70% of the population. It is a culture in which most people – from all backgrounds – reads and discusses books. Formal education has very little to do with it.

My particular interest in, and concern for, economics education has been stimulated by a number of sources, but prominent – and earliest – among them was the influence of my maternal grandfather, a farmer with a primary school education and a self-taught amateur economist and COMER member. The passion with which I approach the topic finds its origins in fiery dinner-table speeches about the role of the Bank of Canada throughout my childhood. In some sense, then, my familial background has “primed” me to take note of two very different approaches to economics, a rare advantage among my peers in undertaking a study such as this.

On the other hand, I am undoubtedly the product of a traditional elite university education, and with that comes its own biases and assumptions. Having been educated as a young adult at three higher educational institutions that have historically served as primary breeding grounds for some of the world's most influential economists, financiers, and financial consultants – Harvard College, the University of Oxford, and the University of Cambridge – I have been steeped in rhetoric, data, and baseline assumptions that are very much at odds with the logic and evidence put forward by my grandfather and his COMER compatriots. Put simply, I am likely predisposed towards thinking that at least some elements of mainstream economics make good sense; I consider it unlikely that so very many highly intelligent people are wholly wrong. In this sense, I am more than prepared to approach my education in mainstream economics with some credulity as well, although I will also likely benefit from the in-built scepticism that my family background affords me.

In terms of autodidacticism, it is certainly true that I cannot compensate for my privileged educational background. My experience of learning about economics in the course of my fieldwork helped me to sympathise with the self-education process that many COMER members have undergone, but in reality our experiences have been

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<sup>78</sup> There are three Montessori schools, two Christian Kindergarten-to-Grade-12 schools, and an Islamic school that runs until Grade 9; the overwhelming majority of students attend public schools in Saskatoon, especially at the high school level.

incomparable. However, I do lack a formal education in the field of economics, which in this case is at least something of an advantage.

In another sense entirely, I could be considered an insider among both COMER and mainstream Canadian economists; I have the right accent, idioms, and manner of speech, as all of these are surprisingly uniform in the Canadian context. I also have the right pedigree – working class and agrarian, on both sides of the family, until the 1980s – and some additional legitimacy, should I need it, via Harvard, Oxford, and Cambridge. I am white and educated (as are almost all of my conversants); I had pre-existing ties to some of the groups I studied; and I know the regional and historical rules, behaviours, and attitudes that can subtly shift the discussion in many parts of Canada. In fact, I am particularly attuned to regionalism due to having been raised many thousands of kilometres outside the major centres of power and commerce.

Aside from all of this, I remain a genuine outsider: I am young, female, and have almost no training in economics. Prior to my fieldwork experience I did not know a single mainstream Canadian economist personally, nor did I have the linguistic and conceptual basis on which to have a reasoned conversation with one. As Hayano rightly points out, there are “hazards of intimate familiarity” (Hayano, 1979, p. 102), as well as grave difficulties that accompany great distance between the conversant(s) and the researcher. All of this is true in my case; I am both familiar to, and distant from, my conversants, in ways that could be advantageous but are not necessarily so. As is always the case for research of this kind, the only protection – incomplete as it is – is to be aware of one’s positionality at the very least.

### *Researching “Back Home”*

I am among a growing wave of academics who are heading “back home” for data collection (Karra & Phillips, 2008), and I am fortunate in that my “back home” is a particularly fruitful research subject at this point in time. Interestingly, the trend towards studies of elites and towards studying “back home” appear to have merged in many cases; some of the studies to gain public prominence in recent years were conducted by “natives” of a country who have decided to study the elite within their homelands. Kate Fox’s magnificent ethnography of her countryfolk, Watching the English, features frequent detailed treatments of the upper classes in England.



Participant-observation studies of the financial sector – those of Karen Ho and Gillian Tett (both 2009), most notably – have afforded the public some of the few available glimpses into a cadre of investment bankers in London and New York; these are elite studies par excellence, and all the more intimate having been conducted by “natives” of the culture at large.

Cross-cultural communications can pose significant problems, relationally and methodologically, as has been widely documented in the academic literature (Mikecz, 2012); as a “native,” in this sense, I was able to sidestep some of these issues in much the same way as Ho and Tett were able to do. It is for these reasons – my Canadian heritage and knowledge of cultural mores; Canada’s unexpected resilience in the face of the 2007-2009 financial crisis, despite its economic reliance on the United States, no less; and the newfound respect Canada has been accorded as a global economic advisor – that this project is so appropriate to my background, that this subject is so unexpectedly timely, and that I am in at least somewhat of a position to observe from the midpoint between expert and novice economists, between Canadians and foreigners, and between elites and the layperson.

### *Plain Language*

My dissertation is itself meant to be a resource for non-economists to learn about economics, and therefore my intention has been to write clearly and plainly; it is nearly impossible to bring the world of central bankers and macroeconomists to a larger audience otherwise. This is not because central banking, finance, and monetary and fiscal policy are somehow inherently difficult to understand. Criminologists and teachers need to study for years to gain professional accreditation, yet the public is able to discuss crime and education; economics is not brain surgery. Economists are, however, prone to using jargon that makes it difficult for non-economists to participate in discussions of economics, regardless of whether they are otherwise intelligent or well-educated. Jonathan Fullwood of the Bank of England, for example, has performed an analysis of financial communications from the Bank and others; he shows that these communications are usually at a Grade 12 reading level or higher, significantly above the reading level required to read newspapers and classic works

of fiction and well out of the grasp of most citizens (2016).<sup>79</sup> Although some may think jargon makes ideas look more impressive, in fact the opposite may be true. In the comically titled “Consequences of Erudite Vernacular Utilized Irrespective of Necessity: Problems with Using Long Words Needlessly,” Daniel Oppenheimer of Princeton shows that professors view the needless use of big words quite negatively; in his study they viewed writers of a plain language piece as more intelligent than the writers of convoluted text, regardless of the quality of the actual content of the writing (2006).

Some have suggested that breaking down economic jargon is a matter of financial literacy, to be addressed in the classroom (like civics, perhaps). In most cases, however, financial literacy is taught with an eye towards benefiting the individual rather than society as a whole (Arthur, 2012); the focus is usually on protecting oneself from overpaying for basic services, for example, rather than learning how to participate in public policy debates about fiscal policy or taxation rates. Even if more students take financial literacy courses, there may be no positive effect on the discussion of economics in public. Although economics has taken front stage since the 2007-2009 financial crisis, central banking and finance are still largely a mystery for all but a small group of specialists. This is despite the fact that central banking and finance direct the flow of funds that determine the health and wellbeing of society at a fundamental level. Academics such as Burdell and Swadener (1999) have noted that scholars’ “hyper-theoretical” writing has been criticised for making certain discussions inaccessible to anyone outside academia, and economics certainly deserves the same criticism. In what follows, I aim to use – as much as is possible – plain language, in line with George Orwell’s classic essay “Politics and the English Language” (1968). Given the importance of debates in this area, and the great potential for economics to be more widely studied and discussed among citizens of all levels of education, there is a clear need to bridge the gap between the economist and the layperson.<sup>80</sup> For this reason, this dissertation aims to bring non-academic voices into the academic discussion of economics, and the views of all of my conversants – formally and informally trained – have been assigned equal value. “A crucial reason

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<sup>79</sup> It is true that many of these communications were not meant for widespread public consumption, and that economics blogs and popular articles are likely to be easier for most people to understand.

<sup>80</sup> This is particularly necessary now that English has become the most common language in academia and in international discussions, for native speakers and non-native speakers alike.

for studying the powerful is to analyze how and why certain actors, groups, and institutions have greater influence over claims about the truth, and to articulate why and how their interpretations of the world come to be dominant” (Ho, 2012, pg. 39). As such my work aims to examine the work and learning processes of a group of self-taught economists alongside – and as equal to – those of traditional mainstream economists.

My hope is that what follows will contribute to a more complete and accessible picture of the views of economists, and of academic and autodidactic (self-taught) approaches to economics in Canada. My conversants’ perspectives on policy issues such as capital gains taxes or guaranteed annual income, and their views on human nature and economics more generally, affect the development of public policy in Canada, and their beliefs are not adequately understood or scrutinised by the public at this time. This thesis aims to help to change that.

## Results

What follows is an account of my fieldwork results in the form of a series of short direct quotations from conversants alongside some longer indented quotations and summarising statements meant to draw attention to consistencies or discontinuities among the responses my conversants gave to particular questions. I have systematically removed filler phrases and words such as “I mean” and “you know” for the purposes of clarity, except where they contribute meaningfully to the content of a quotation. In cases in which conversants’ open-ended responses overlapped with the set responses from my survey of academic economists, I have included an addendum to the relevant section in which I compare qualitative and quantitative results from the interviews and the survey.

As per my methodology section, the data drawn from both the interviews and the survey are analysed more fully in the discussion section, where I attempt to answer my research questions; thus in what follows I aim to assess how Canadian economists may differ from their British and American colleagues, how autodidact economists may differ from their formally educated colleagues, how Canadian social norms and other factors may affect economists’ political views and ethical orientations, and how Canadian economists conceive of critiques of the discipline.

My qualitative work aims to complement the survey results, which do not allow for elaboration, nuance, or complexity. The following results section comprises a direct comparison between my work – a broad-based qualitative/quantitative survey and 58 qualitative interviews – and existing surveys and studies of economists. Most of the latter concern American economists, which may be especially useful in teasing out the particular composite character of the Canadian economist. I proceed topic by topic in the sections that follow.

### *Economists’ Formative Years*

There was almost no pattern to my conversants’ answers to my questions about their formative years. True, individuals with experience of poverty early in life generally displayed greater understanding of the detail of certain policy issues – regarding payday lenders, inequality, or guaranteed minimum income, for example. But several conversants who were raised in privileged environments had also

managed to acquire elements of this understanding. One professor said he had attended a public school,<sup>81</sup> yes, but in the wealthiest neighbourhood in the country at the time, and his father was himself an academic economist. Throughout the interview he referred to his own circumstances as having been borne of privilege; he feared we could miss out on future Mozarts if we held back people who grow up on the “wrong side of the tracks” as opposed to “where I was.” As a general rule he was to the left of many of my other conversants.<sup>82</sup>

Another academic economist was the son of a trade negotiator (and economist) for the federal government who had studied at a private high school in France. As a heterodox economist he was clearly embarrassed to admit that he had been privately educated; when I commented on this, he explained it was because he was a supporter of the public education system. He was one of the most progressive economists I spoke with.<sup>83</sup>

Another mainstream – yet broadly left-leaning – academic economist had been raised in a rarefied community of physicists, of whom his father was one. A few other conversants had been raised with academics as parents; the father of one was the vice president at a small university, and the father of another was a psychology professor and Dean. One professor’s father had taught accounting, another had “a family full of engineers and physicists,” and another’s father was a chemist. There was a bank chief economist whose father had worked in banking, and an academic whose father was a dentist. The most left-wing among these was likely the child of a chemist, while the most right-wing were quite clearly the children of the psychology professor/Dean and the dentist, respectively. Another mainstream academic professor told me that her parents<sup>84</sup> were educated, left-wing, and from the UK, which influenced her decision to go into economics; “I went into economics probably to understand why

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<sup>81</sup> In Canada, in contrast to the UK, a “public school” is publicly funded, not private.

<sup>82</sup> As per the explanation on page 16 of this thesis, and working in part from Tapp’s (2014) Twitter study of Canadian think tank ideologies, I was usually able to glean conversants’ political orientations on the basis of their views of think tanks along the political spectrum. In a few cases I had to triangulate on the basis of their answers to questions regarding policy issues with a particular political valence.

<sup>83</sup> He mentioned that he had decided to study in France for university in order to pursue fencing; Wikipedia later informed me that he had been an Olympic fencer.

<sup>84</sup> It is worth noting that, among the group of economists with more privileged backgrounds, only this academic referred to her “parents” – all of the others (including another woman academic), of all political persuasions, only referred to the profession of their father.

some people are rich and some people are poor,” she said, even though her research has not centred on this.

In short, especially among the academics, it was not possible to discern any links between a privileged or upper-middle-class upbringing and a particular political orientation; in general this group may even skew slightly to the left among my sample.<sup>85</sup> Two possible exceptions stand out: two Bank of Canada conversants attended private schools, among the most exclusive in the country; one came from an upper-middle-class family, the son of a businessman, and the other was the son of the chief financial officer of a major jewellery chain. One of the two asked to vet my questions in advance of the interview,<sup>86</sup> and deleted the policy questions – on income inequality, capital gains taxes, and so on – from the approved list, so I was unable to get a sense of his political beliefs. The other had presided over some of the most massive cuts to social programs in Canadian history as the deputy finance minister in the 1990s (Yakabuski, 2002), with some suggesting that he had been the primary driver behind the drive to slash spending (Olive, 2007) – although he later, as deputy health minister, pushed to restore some of the healthcare funding he had earlier helped to cut (Yakabuski, 2002). In our interview he was difficult to pin down in terms of ideology, although he expressed an academic interest in income distribution and seemed perplexed by low-income groups’ tendency to vote against their interests during periods of economic turmoil.

One of these two conversants seemed to share the aforementioned heterodox economist’s embarrassment over his attendance at a private school. When asked about his high school education, he paused before saying that it was partly publicly funded but private (as private schools generally are in Québec), and when asked whether it was an Anglophone school,<sup>87</sup> he seemed uncomfortable answering in the affirmative. The other conversant was unabashed, plainly describing his alma mater as a private boys’ boarding school.

Of all my conversants, only six had attended a private school for any period. The heterodox professor and the two Bank of Canada economists were joined by a C.D.

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<sup>85</sup> One academic economist mentioned a questionnaire his student had circulated among 3<sup>rd</sup>-year students at Queen’s studying economics, business, biology, math, and English; interestingly, economics students had the highest average parental income (and by a significant margin).

<sup>86</sup> One of only two conversants to request this.

<sup>87</sup> This is somewhat of an indicator of privilege in Québec, where Anglophones have traditionally formed a majority of the upper class.

Howe conversant who had capped off a public education with a private religious Cégep,<sup>88</sup> a Fraser Institute economist who attended a school the year it transitioned from semi-private to public, and a British-born academic who attended a private day school.<sup>89</sup> It thus seems fair to say that the members of Canada's economics profession, as represented in my sample, are overwhelmingly the product of the Canadian public school system, particularly as two of the six private-school attendees were educated outside the country and two others were almost entirely public school-educated. This dominance of public school education holds for the larger sample of academic economists in my survey as well; 78 of 100 academic economists attended public schools, while only 18 attended private schools, and most of the latter economists were from other countries.

None of my conversants from middle- or working-class backgrounds attended a private school.<sup>90</sup> Within my sample, only five people self-identified as middle class,<sup>91</sup> but a significant number did not mention their family background at all, and as a middle-class background is considered rather unremarkable – typical, even – it is likely that most of these fell into this category as well. Of those who made specific mention of their middle-class background, one mentioned that his mother was a consumer debt counsellor and that he had read her budget books as a child (his brother is currently an economics professor at Northwestern with a PhD from Princeton); one mentioned that his father was a schoolteacher and his mother was an administrator; one American-born conversant mentioned a lawyer father and a homemaker mother;<sup>92</sup> another said that his father was a social worker and his mother was a math teacher and guidance counsellor; and another did not specify his parents' occupations. Ideologically these conversants ranged from quite far left to mildly right-of-centre, although this likely represents a small subset of the middle-

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<sup>88</sup> In Québec high school is followed by two years of Cégep, the first year of which replaces the last year of high school and the second year of which replaces what is, in the rest of Canada, the first year of university. A Cégep is a vocational college of sorts.

<sup>89</sup> He was the first in his family to attend both secondary school and university, however, so this is not so much a marker of privilege.

<sup>90</sup> With the possible exception of the British-raised conversant who attended a private school but whose parents were uneducated.

<sup>91</sup> In the UK, "middle class" usually refers to the upper middle class in Canadian terms; in Canada, the "middle class" includes everyone who would not be considered upper-class or lower-class (so, most people).

<sup>92</sup> She also mentioned that her grandparents had all run small stores, and that her grandmothers both worked, which influenced her own decision not to follow in her mother's footsteps as a homemaker.

class conversants in my sample – and my sample will not be an adequate representation of economists from middle-class families in any case.

Interestingly, there were only two<sup>93</sup> professors who self-identified as having come from a working-class background. One bank chief economist and a mainstream economics professor (who nevertheless leaned left on many issues) both mentioned that their families were “not well-off,” and a Conference Board economist referred to his background as working-class.

Of the five conversants who had been raised in poverty, only one worked in academia. This professor, the child of immigrants, is a heterodox economist who went into the profession in part because of the experience of being “terribly poor” growing up – he “wanted to make sense of that.” Of the others, one was a lawyer, one was a CCPA economist (“I’m a child of an immigrant; we had no money”), one was a teacher, and one was affiliated with the Fraser Institute. As a group, the conversants who were raised in poverty diverged most wildly from one another ideologically. Two were COMER members (from one of them, a teacher: “My father was a charming ne’er-do-well who couldn’t hold a job”), easily among the most left-wing of those I interviewed, while the Fraser Institute conversant held the most right-wing views of anyone in my sample (reportedly his mother would say, “We’re not poor. Sometimes we don’t have enough money but we’re not poor.”). All of the COMER members in my sample came from a working-class, middle-class, or lower-class background, and this was true of the PEF-affiliated and CCPA-affiliated economists as well. As mentioned above, two of the academic heterodox economists I spoke with came from more privileged backgrounds.

In short, family socioeconomic background did not appear to have anything close to a uniform effect on economists’ later career trajectories or political beliefs, and indeed, one mainstream professor identified her relatively privileged background as a motivation for learning about the factors that shape socioeconomic phenomena, while a heterodox academic had the same motivation having been raised in a poor immigrant family.

Other mentions of family influence were mainly evidence of parental involvement in educational decision-making, aside from one mainstream professor who claimed he attended the University of Victoria because his three older brothers

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<sup>93</sup> With a possible third: a professor who mentioned that he had taken part in a co-op program in order to make university affordable.



had attended the University of Alberta. Three mainstream economists mentioned their families' attempts to influence their choice of study; one said his family believed he could only teach if he studied English or math, another's family encouraged her to do science, and another's father suggested that he study economics alongside history. A Bank of Canada conversant mentioned that his parents had pushed him to go to law school, which he agreed to do if he did not receive a suitable offer for graduate school in economics (he did). Finally, a C.D. Howe economist catalogued a series of fights with his father about his course of study.<sup>94</sup> As a group these economists were relatively privileged and high-achieving, which is perhaps unsurprising given the unprompted mentions of high levels of parental involvement.

There did not appear to be a link between the political leanings of economists' families and the beliefs that the conversants in my sample espoused, either. For example, of the two Fraser Institute conversants one had a father who was a union activist and the other declared that his family is "predominantly liberal, left-of-centre." The children of these families diverged quite markedly from the political views of their home environments – possibly partly in reaction to them. However, one CCPA economist said that his family leaned towards progressive politics, and a PEF-affiliated economist, when asked where his political orientation came from, replied: "I guess it was sort of a family influence? Not that my family was activist, but my mother in particular had a very strong social conscience, sort of an idea that morality involved community solidarity and equality." At both ends of the political spectrum, therefore, there were individuals who had grown up in progressive or left-leaning families.

Within my sample, the age at which one took her or his first economics course was far more predictive of subsequent political beliefs than any of the above factors relating to family socioeconomic status or political orientation. None of the left-wing economists I spoke with had taken economics in high school, and indeed that opportunity was not available in most cases. Of 58 conversants, nine took economics before university,<sup>95</sup> and of these only one could be considered left-leaning,<sup>96</sup> and he did not take economics in high school per se; he took a modicum of business studies.

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<sup>94</sup> His father wanted him to study math, and the compromise was social sciences and math. Later his father wanted him to study business, while the compromise was economics.

<sup>95</sup> One in Cégep and two in Grade 13, so only six conversants were exposed to economics before the age of 18.

<sup>96</sup> The mainstream professor whose family growing up was "not well-off."

Three other mainstream professors had some exposure to economics in high school – one took commerce in Cégep, another took economics in his home country, and a third took economics in a regular public school. The political views of each were largely slightly right-of-centre, although the latter professor had eclectic views (he had written papers for the Fraser Institute, but also favoured raising taxes on the top income bracket). Of the others, the conversant who had taken the most economics courses (two economics courses starting in grade 11, plus 5 or 6 business courses) was one of the most right-wing economists in my sample, a Fraser Institute economist. One bank chief economist, who was centrist or slightly right-of-centre, was alone among my conversants in having known that he wanted to be an economist from a young age; he took one high school economics class that was “a bit Mickey Mouse.” A Bank of Canada conversant, broadly centrist, took a Grade 13 economics course, as did an IRPP economist, also broadly centrist.<sup>97</sup> Finally, a C.D. Howe conversant, quite clearly right-of-centre, took a basic economics course in grade 10 and then his first “real” economics course in Grade 13.

My sample was too small to come to firm conclusions about causation, but the subset of economists who had been exposed to economics earlier in their lives skewed markedly to the right of the majority of my conversants, those who were first exposed to economics at the undergraduate level or later. That said, there may be other factors behind this correlation – broader curricular offerings in schools in wealthier neighbourhoods, so that children from well-off homes disproportionately had an opportunity to take economics in high school, for example, or an extreme self-selection effect at the leadership level of economics think tanks and the major banks such that extremely competitive roles disproportionately attracted economists who had committed early and fully to the field.

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<sup>97</sup> Grade 13, now obsolete, was an artifact of the Ontario educational system; technically students would have taken these courses at the age at which their peers would have started university (18), so this does not really count as early exposure to economics.

### *Peers' and Teachers' Influence*

Although peers likely played a role in many of my conversants' lives, their influence arose in conversation in only a few cases. One bank chief economist said that his friends were thinking of becoming lawyers, doctors, and accountants and the like, and he "didn't want to do what everyone else was doing" as he was a bit "rebellious." A COMER member noted that no-one paid attention to economics when he was at university, and none of his friends were interested in it. An academic economist started with an undergraduate degree in history, but discussed economic issues with peers who were in commerce and eventually elected to switch to economics for his doctoral degree. A Conference Board economist listened to his roommates discuss economics during his undergraduate degree, but noted that his awareness of the subject grew after he graduated. Finally, a mainstream professor described hearing his undergraduate roommate talk about money created "out of thin air" in his first year of undergraduate study and thought that it "sounds important;" after the two roommates each agreed to take a class in the other's domain, this professor said of his switch to economics that "it was a complete conversion."

Teachers came up much more frequently as a major influence. Twenty-one of the people I spoke with declared unprompted that teachers had had a significant effect on their lives. For three conversants – a professor, a COMER member, and a Fraser Institute affiliate, these were high school teachers. Indeed, a teacher had essentially arranged the COMER member's adoption by a well-off, highly-educated family, thereby fundamentally altering her life trajectory, while the professor ended up dedicating a textbook to his high school teacher decades after the fact.

Three professors, two think tank economists, and a Bank of Canada economist cited professors' encouragement as a factor behind their decision to attend graduate school. Nine conversants credited a professor with sparking an interest in economics in the first place; one heterodox professor said of his first economics teacher that "she just made me love economics" and that a second professor "revolutionised" his thinking, while a bank chief economist recalled that his first-year economics professor "probably changed my life." A PEF-affiliated economist said in relation to an "eclectic" and "critical" class he took that "I suspect if I'd gone into the regular macro/micro intro course with 300 students and charts and graphs I probably never would have become an economist."

Others remembered a professor who “blew me away” (a CCPA economist), a “quite idiosyncratic course” that was “mind-expanding – mind-blowing” taught by someone who is still a friend (a Bank of Canada economist), a teaching assistant who took extra time to help her with the subject and who introduced her to “people who had a much broader notion of what economics is” (a PEF-affiliated professor), and a professor so influential that “he’s in my brain” (a bank chief economist).

Yet others declared that certain professors had changed their approach to economics after several years of studying the subject. During his PhD program one professor “had a great supervisor” and “he was an engineer, so I guess he taught me to be one.” A heterodox professor said that before the class he took with a particular professor, “I was just like the ordinary student; I didn’t have a clue whether what I was learning was neoclassical or not.” This one class appeared to have launched an alternative career.

### *Time Off*

Interesting patterns emerged among the conversants who took time off before or between degrees. Of 58 conversants, 24 took at least one year off. Of these, five worked at the Bank of Canada, one worked in the Finance Department, and another worked for the Economic Council of Canada. Another worked as a graduate trainee at General Electric, one took a year to save money for his Master’s program and did not mention where he worked in that time, and one served as a Naval officer for 3 years after undergraduate study.<sup>98</sup> All of these were mainstream economists to varying degrees. Two professors took time off between degrees due to their fathers’ respective serious illnesses, and both maintained links to academia; one took courses in math, statistics, and economics, while the other lectured in his home city (and said that that interlude was fortuitous for him intellectually). Another academic was an adjunct professor for three years before starting his doctorate.

The majority of the men in my sample did not take time off. Of the women, only one professor and one chief bank economist did *not* take time off – and the latter has engaged in an unusual amount of continuing education following her doctorate. One professor “worked for a bit, drifted for a bit” after high school, ending up at a museum next door to UToronto – so she enrolled in a class there. Another professor worked in

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<sup>98</sup> “I was never a military person,” he said, but it made his education affordable.

Papua New Guinea as an economist for Canadian University Students Overseas (CUSO) for a couple of years after her Master's, which was apparently formative; the experience turned her off development economics, and she realised that if you wanted to help a country like that, "you wanted to be a political scientist and not an economist." A third professor's experience working at a family planning centre in India between degrees, similarly, changed her thinking on population growth and women's role in society. A CCPA economist worked and traveled for ten years after high school, then realised she would need a career of sorts; "I just wanted to get a piece of paper so I could make more money; that was my only rationale." One COMER member, a former leader of the Canadian Action Party, had four degrees, with varying periods of time off between each. Another COMER member, a teacher, worked and travelled around the country for three years before commencing her undergraduate degree.

Such a pattern was particularly common among the COMER members. COMER's co-founder, Bill Krehm, dropped out of a math degree at UToronto before consorting with the likes of George Orwell and Leon Trotsky all over the world (see below). Another COMER member went to Zambia and Tanzania with CUSO after high school "for what turned out to be five years," worked for two years in the midst of his undergraduate program, and took a job with the Ontario government while studying for his doctorate. Another COMER member "blew all my Christmas exams working on a by-election" for the New Democratic Party<sup>99</sup> during his undergraduate degree and eventually dropped out altogether to work in a factory and engage in political organising – to "make history instead of just studying it."

Two heterodox academic economists took time off as well. One worked for the civil service in the UK department of health and social security right after high school, entering university at the age of 21; another dropped out of a Master's program at UMontréal and later returned to academia at McGill. A PEF-affiliate economist worked for a union in Ottawa (CUPE) between his Master's and PhD.

Almost all women and COMER members – and most left-wing economists – in my sample had come to economics later in life and/or had taken time off between or before degrees. This was in stark contrast to a large number of conversants who had

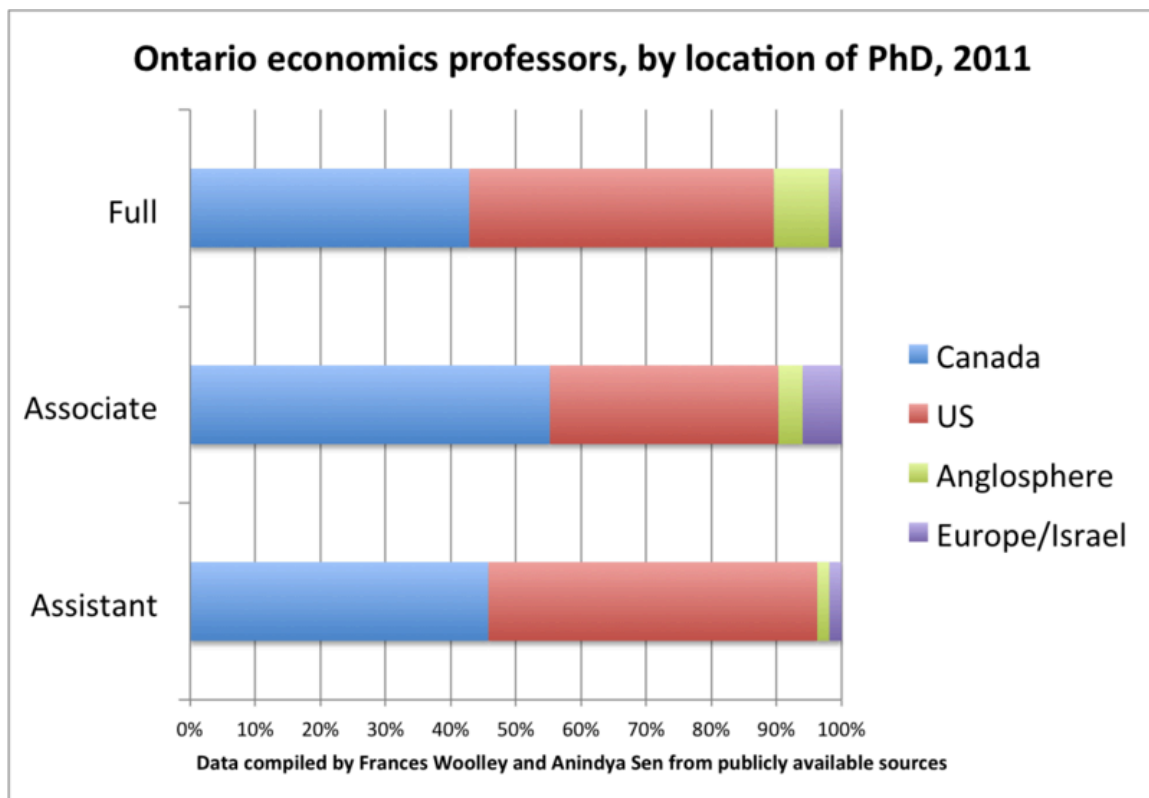
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<sup>99</sup> The NDP is Canada's national social democratic party; it usually comes in third in terms of the popular vote, behind the Liberals and the Conservatives.

taken no time off, and several who had even stayed at the same institution for much or the whole of that time.<sup>100</sup>

### *Undergraduate and Graduate School*

My sample was surely not representative of Canadian economists, but the patterns of their educational trajectories is nevertheless instructive. Of the 28 academics in my sample, fully half of them had completed a PhD in the U.S., a rather remarkable figure (a further six of my conversants – mainly central bankers and bank chief economists – also held PhDs from the U.S.). This is not uncommon among economics professors in Canada, as Woolley & Sen’s data show:



Ontario accounts for 44% of Canadian postsecondary enrolment on average (Canadian Association of University Teachers, 2010) and is the home of six of the economics departments consistently listed among the top ten in the country. Thus even if American PhDs are significantly less common in the rest of Canada, the dominance at the top end of the profession is still remarkable.

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<sup>100</sup> One conversant started Cégep at McGill at the age of 16 or 17 and, aside from a PhD at Yale, spent the rest of his long career there.

Another four professors completed a PhD or DPhil in the UK – one at Oxford, one at Essex, and two at the London School of Economics (LSE); four conversants completed an undergraduate degree in the UK; and six completed Master's degrees there. In all, 21 of my conversants had completed at least one degree in the U.S. and 13 had completed at least one degree in the UK; 20 of the former had completed an American PhD while only four of the latter emerged with UK PhDs; UK exposure was much more concentrated in Master's degrees, while U.S. exposure was overwhelmingly concentrated in doctoral degrees – only the two American-born conversants completed undergraduate degrees there.

Among Canadian institutions, the most commonly attended university was UToronto, somewhat unsurprisingly as it is by far the largest university in Canada; 15 conversants completed at least one degree there, although, interestingly, only three of these were academics (three of six bank chief economists were educated there) and 8 of 15 degrees were not in economics itself (although two of these were in business).

Of all other universities represented in my sample, Queen's appeared to have the largest role in educating economists; 12 conversants garnered an economics degree there, nine of whom completed a Master's degree specifically. This was an unusual concentration at the Master's level, comparable only to the pattern of conversants who had disproportionately studied in the UK for Master's degrees. At the undergraduate level Queen's is known as Canada's blueblood university, and indeed, the only two substantially privately-educated conversants I interviewed were also the only two Queen's undergraduates in my sample. Of those who completed a Master's degree at Queen's, one academic and one IRPP economist stayed on for a PhD, one bank chief economist entered the workforce, as did a Conference Board economist and a C.D. Howe economist, and four academics went on to PhDs at MIT, Yale, LSE, and Essex, respectively.

Despite Western's dominance among central bankers, only six conversants in my sample had studied there – three at the undergraduate level, four at the Master's level, and three at the PhD level, with four of these having completed two degrees at Western. These six conversants were variously academics (2), think tank economists (2), a bank chief economist, and a central banker.

Seven of my conversants attended UBC but, like Toronto, most of that number attended as undergraduates (one COMER member held a law degree from UBC, while one academic continued on to a Master's there). The only other Canadian institution

with a critical mass of graduates among my sample was McGill, which seven of my conversants attended – four at the undergraduate level, two at the Master’s level, and two at the doctoral level. Among all of the Canadian schools, UBC and McGill were the only two whose graduates appeared to have a common political valence; both were broadly more left-leaning than average, although one conversant with a McGill undergraduate degree was one of the most right-wing academics in my sample, as was one conversant with a UBC undergraduate degree.

Of the 20 conversants with PhDs from the U.S., three attended Princeton, three attended Harvard,<sup>101</sup> two attended Yale, two attended MIT, two attended Stanford, two attended the New School, and one each attended Chicago, Berkeley, Duke, Rochester, Johns Hopkins, and Pittsburgh. Aside from the two who attended the New School and the professor who attended Berkeley, all of whom were clearly left-wing or left-leaning, and two professors with a PhD from Princeton and Stanford, respectively, who were both mildly left-leaning, the others were all centrist, right-leaning, or significantly to the right politically.

Of the four conversants (all academics) who received a doctoral degree from the UK, three were to the left of my sample as a whole, while one was significantly to the right. The other PhDs in my sample came from McMaster (two professors) and Université de Paris 1 (one professor). The doctoral degrees of the heterodox academic economists in my sample were variously awarded by the Université de Paris 1, McMaster, McGill, and the New School. Almost all of the COMER members attended university at UBC, Toronto, or the University of Saskatchewan, although one with a degree from the latter also attended the Royal Conservatory of Music and Ryerson University (one COMER member dropped out of UBC and another dropped out of UToronto, while another held four degrees, yet another held three degrees, and the last held three degrees including a PhD from UToronto).

At the undergraduate level, only a few Canadian-raised conversants were educated outside of Ontario, Québec, and Vancouver; two attended the University of Saskatchewan, two attended the University of Manitoba, two attended UCalgary, two attended the University of Victoria, one attended the University of Alberta, and two were educated in Nova Scotia.

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<sup>101</sup> One of these was a DBA, not strictly a PhD.



Several studies have pointed to a dearth of diversity in economics, many of them noting the lack of women relative to other social sciences (and, indeed, most hard sciences) (Fourcade, 2009; Fourcade, Ollion, & Algan, 2015; Robb et al., 2006). This is a particularly significant question for economists in Canada, as it is an ethnically diverse country with a respectable relative level of women's equality according to a variety of metrics (Ipsos, 2017). The field of economics in Canada, however, does not appear to reflect either of these facts – in 2012, for example, visible minorities accounted for a mere 15.14% of Ontarian economists (Woolley, 2017),<sup>102</sup> and a 2001 report found that 12.7% of full-time tenured or tenure-track professors and only 5.4% of senior economics faculty were women (Dooley et al., 2001). And despite attempting to skew my sample towards women and minority groups, in the end all of my female academic conversants were white, all of the heterodox economists were white males, and all but one of the think tank economists were white men. For a country as diverse as Canada, this is a puzzle.

As mentioned previously, I specifically avoided mention of gender or race in the interviews, instead noting whether and when the topics arose unprompted. In interviews with women, if there was time at the end I often asked about their experience as a woman in economics. I also noted how often women's names came up among the economists I interviewed, and whether conversants' language was gendered, whether they referred to my gender at any point, and whether they said anything offensive or insensitive. I did all of the above for race as well, although I did not question my non-white conversants about their experiences in that regard as it felt inappropriate to do so. The principal minority groups mentioned were First Nations and immigrants. I also took note of references to Francophones and Québec, and often asked my Francophone conversants about their experience if time permitted. Finally, I was careful to note any further mention of minority groups, which yielded a single mention of people with disabilities.

Gender was mentioned by far the most frequently, although even then it came up less than might be expected given that a woman was conducting the interviews. Of

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<sup>102</sup> In my own examination of photos of economics professors, I found no First Nations economists and only a handful of Black economists, so the level of diversity is lower than even this number would indicate. Furthermore, although I did not conduct a thorough study, there appeared to be significantly fewer full professors who were members of visible minority groups.

58 conversants, fewer than a third mentioned gender at all, and a majority of these were women.<sup>103</sup> In general, I should note that I was overwhelmingly treated with respect and kindness by my conversants. Even in the two cases in which I felt uncomfortable,<sup>104</sup> I still felt that my questions were taken seriously and that I was treated as an equal by all conversants.

It is worth laying out the demographics of my conversants. Among think tank economists, only one was a woman. Of the academics, only four were women. One former bank chief economist, both financial journalists, and three out of seven COMER members were women. There were no conversants with a visible disability, and everyone was white other than two non-white professors and one mixed-race professor.<sup>105</sup> There were six Québécois Francophones in my sample, four of whom were professors, one of whom worked for the Conference Board, and one for the C.D. Howe Institute, as well as a further few bilingual conversants.

As a rule, women were much more likely to mention the names of other women, but in general men predominated among the economists and public figures conversants mentioned. Of the women mentioned by name, Armine Yalnizyan came up seven times, Margaret Thatcher was mentioned five times, Joan Robinson four times, Anna Schwarz thrice, Wendy Dobson twice, Frances Woolley twice, Lindsay Tedds twice, Tammy Schirle twice, Sherry Cooper twice, Sylvia Ostry twice, and Ayn Rand twice. A few other women came up once each. As a comparison, eleven conversants mentioned Milton Friedman, six mentioned Richard Lipsey, and so on; at least two dozen men's names were mentioned more than those of Armine Yalnizyan and Margaret Thatcher. This is true even though my very presence as a woman interviewer – a minority in all of the academic departments and office buildings in which I conducted interviews – may itself have been a prompt, influencing some conversants towards mentioning female economists' names more often than they might otherwise have done.

Several times I was very obviously a prompt. One conversant mentioned a “guy” buying a pickup and then added sheepishly, “I bet there are a lot of women who buy pickups.” Another said, as an aside, “Boy . . .” and then, looking at me, “girl – woman!” These corrections were relatively common; another conversant said, “the guy – the person – who's writing it . . .” at one point, and another, in discussing trade unionists

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<sup>103</sup> Almost all of my 11 female conversants did so.

<sup>104</sup> See page 57.

<sup>105</sup> Of those three professors, only one had not been raised in Canada.

in his father's generation, said they "were not ideological men," adding after a pause, "and women." Many of these conversants were of an older generation, and I wondered whether they had often discussed economic matters with a woman. They were clearly aware enough to correct themselves, however.

Ten of my conversants, on the other hand – nearly a quarter of the men – seemed unaware of their language in this respect, speaking of single moms as opposed to single parents and using "he" in referring to a hypothetical lender, Finance Minister, or potential employee.<sup>106</sup> One conversant made the comment that because his was an all-boys' school it had more of a focus on math and science. Another older conversant talked about "proposing some young guy" for tenure and "[having] to be on very good terms with the immigration ladies from downtown" when bringing in U.S. scholars.

There were regular mentions of "guys." For example, all the "guys" in the Department of Finance and the Bank of Canada, or in answering who the best economists were, "I'll start with two old guys." Others fairly peppered their speech with the term; one said "these guys" and "those guys" dozens of times in the hour and a half in which we spoke, then said at one point, "well, you're a female graduate student in Cambridge, so at some point you're going to come across [name redacted]." <sup>107</sup> Another conversant said "guy" and "guys" to such an extent that it amounted to a verbal tick; as one example, he said, "I would say [name redacted] is Canada's guy on – in terms of academic guys who study seriously income inequality. [. . .] Both of these guys are just really nice guys. Very smart guys." He later deemed departmental rankings a "macho" exercise, which somewhat surprised me.

Even more surprising, perhaps, was that some of my most "conservative" conversants used predominantly gender-neutral language. One conservative C.D. Howe conversant listed "herself" before "himself" once – perhaps for my benefit – and a seemingly right-wing academic used "congressperson" in discussing U.S. politics. Quite remarkably, given right-wing critiques of identity politics, the most consistently gender-conscious conversant was from the Fraser Institute; he used "partner" and "their" throughout the interview without seeming to think about it.

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<sup>106</sup> Interestingly, in the latter case the same person referred to academics' "partners" as considerations during the hiring process at universities.

<sup>107</sup> He then insisted – and later reiterated – that I not attribute that to him in my dissertation.

Others brought up gender explicitly, but in a neutral or factual way; one mentioned gender in terms of the nature-versus-nurture debate, while another mentioned women's studies as an example of a specialty they do not offer in the McGill economics department. Others raised gender as an issue of concern, either in passing or explicitly; one spoke of women's education as an example of how quickly "modern trends" had taken hold in Québec, while another observed that there were more women in labour economics in the course of lamenting the dearth of women in the field in general.<sup>108</sup>

Another conversant complained that Japan "is doing absolutely nothing about getting females into the workforce" and, in citing the high percentage of child support payments that are in arrears, "I'm going to be sexist and say it's the man" who is delinquent. One academic had asked a "small older woman" to help students understand what was appropriate professional behaviour in terms of workplace sexual harassment, and he was amused because she finished by saying, "Don't be an asshole." He later talked about conducting a homeless count as "part of a team that knew what they were doing – they were three women, actually" and said, laughing, that "sexism raises its . . ." and he had to be the one to go check under the bridge late one night.

Another conversant – a heterodox academic economist – said that, as the editor of a journal, he would have a particular interest in accepting a paper on income inequality from a gender and race perspective, and he felt there needed to be more analysis of gender, class, and race in economics. This was more in line with the women I spoke with, many of whom felt there needed to be more women and, separately, more gender analysis in the field. One academic said of the economics community in Canada, "It's a small group, you know. Of boys, mostly. [. . .] I went through my whole career" without a woman as an instructor or mentor. As opposed to in other disciplines, she said, "women in economics do not recognise it's a problem," citing literature suggesting that where a certain threshold of diversity is reached, people are more aware of a "chilly climate," but until that threshold is reached there is very little awareness. She co-wrote a 2001 report on women in economics in Canada, which she said was "not well-received," and had complained about CEA interviews being held in hotel rooms, for which she was called a

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<sup>108</sup> This conversant went on to mention that, since most bloggers in economics are men, one of my other conversants – an academic economist and a rare woman in the blogosphere – brings a different perspective.

“feminazi.” There are more women in chemistry and physics than economics, she pointed out; their study showed that in 2001 only 5% of full economics professors were women.

Another conversant, the only female bank chief economist I spoke with, concurred: “Women are more underrepresented in economics than in engineering, math, science – so – how can that be?” The finance sector has, if anything, regressed in this regard; “the percentage of women in finance has fallen significantly – significantly – since the mid-80s.” She cited hazing, hockey, golf, and other activities that exclude everyone outside the “old boys’ club” and noted, as an American, that this dynamic was more typical of the finance sector in Canada than in the U.S., in part because it is smaller and more concentrated. “As multicultural as this city is, if you look at the senior executives across all the banks, it’s basically a bunch of white guys with a smattering of white women.” She felt we needed more outside-the-box thinking, and more diversity among decision-makers in terms of age, experience, culture, and gender; “we need men and women in equal ratios in all areas of the bank.” She cited an American Economics Association (AEA) study demonstrating that women write more refereed papers than men do, even when they have children, so the idea that they publish less because of childcare responsibilities is just not accurate. The same study ranked Berkeley as number one among U.S. universities in terms of female professors, and she pointed out that it was Berkeley that produced Janet Yellen;<sup>109</sup> “people need role models.” When Yellen was a student, 8% of economics PhDs went to women; it was 11% during my conversant’s graduate school years, and it is now 20% – “which is ridiculous!” She believed there would be enormous benefits for the system if it had more women in it, and that the financial crisis would not have happened – “there are a lot of alpha males out there. And yes, there are women who are on that end of the spectrum, but on average women [. . .] are much more capable of empathy.” She laughed. “You can tell I’m on a mission. I try to encourage women – because it’s a great field.”

Another woman, a left-wing economist, discussed her introduction to economics:

As a 27-year-old woman, I felt like it was insane, the founding assumptions were insane – about rational expectations and that the essential trade-off for an

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<sup>109</sup> The first woman Chair of the U.S. Federal Reserve.

individual was the work-leisure trade-off, and I'm thinking: where's the third axis that is about unpaid labour, if you're a woman?

She had worked as a bilingual research assistant for Sylvia Ostry,<sup>110</sup> "who had been my hero as an undergraduate":

[Ostry] was at one time an inescapable name of an economist in this country. [. . .] She was like an international harvester machine – what she went after in terms of what she was reading to advance her thinking on what was happening globally. I don't know if she trained to be a labour economist, but she was a labour economist. She literally wrote the book that I studied, called *Labour Economics in Canada*. And she talked about women as a transformative element of the Canadian labour market.

This economist went on to describe 20<sup>th</sup>-century economic history from a gender standpoint, saying, "in every recession it's a he-cession" – men lose well-paying jobs and have a high reservation wage,<sup>111</sup> so women take lower-paying jobs for the good of the household: "So you're seeing this massive shift in the wake of every recession. Women's labour force participation rates tick up and they never go back down. Those women don't go back home."<sup>112</sup>

She and several others lamented the lack of this sort of analysis in economics. One of the journalists I spoke with observed that women tend to look at different topics. "I'm always aware of gender," she said; she had written about the dearth of female economists, and often sees whole panels composed entirely of men. But she said that it is becoming easier to find female economists, especially on Twitter, where she sees women helping one another find data sources and the like, and that "the Bank of Canada has changed a lot," a change that "seems like it's fairly recent." She went on to mention that "Mark Carney has four or five daughters" and, when asked who would be the next Bank of Canada governor, Carney had said, in French, "I don't know who she will be." She also singled out TD Trust as "a progressive bank" on the gender front.

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<sup>110</sup> Former Chief Statistician at Statistics Canada and the Head of the Department of Economics and Statistics at the Organisation for Economic Co-operation and Development (OECD), among other distinctions.

<sup>111</sup> Meaning they are unwilling to go back to work for significantly less than what they used to be paid.

<sup>112</sup> She went on to say: "So recessions are transformative – until now. And what we're seeing now is that the only reserve army of labour to add to family income is over-55-year-olds, [as now . . .] that group adds hours and stays in the workforce longer."

Concern over gender issues was the norm among most, but not all, of the women I spoke with. One prominent female academic economist employed a gender lens in describing her work at a family planning centre in India, during which she concluded that family planning was a bandaid and that it was more important to get women working – thereby delaying the age of marriage, spacing out generations, and bringing down population growth. But when asked about her own experience, she seemed somewhat irritated by the question:

It's never bothered me. I have three brothers. I often have said to myself, my goodness, I'm the only woman in the room. But what can I do about it? So I do my best, and stand up for being a woman and being smart. That's what I can do day to day. And helping – I'm delighted to see [. . . that] everyone is recruiting women right now. It's almost a reverse gender bias. [. . .] It's really a hard world for young men with no particular credentials or talent.

She added, "It's a different world from what I grew up in, and that's great," but that she had received financial assistance to go to an Ivy League institution because she was a woman, and she may have been hired by the Department of Finance in part because she was a woman. Mentors were another major factor in her success, she said, and in her case "every one of them was male." She was glad she could be the first woman in my sample, however (we spoke early on in my fieldwork process).

A similarly mixed response came from another female academic economist who had been working with a majority-female administration<sup>113</sup> in the last two years for almost the first time ever:

I gotta say . . . I think there's a . . . It's very much a matter of personal preference. There are frustrations with working in a mostly male environment; there can definitely be a devaluation of certain kinds of research [. . . and] sometimes I find it hard to get my economist colleagues to take me seriously. [. . .] But at the same time, female politics can be so complicated – it's like high school. [. . .] Hierarchy and status is really important to people [. . . and] if you're one of one or two women in a mostly male environment you don't really have to worry very much about your social status – because you're the only woman, so you have your own little status. [. . .] You're outside the hierarchy – because power hierarchies are intrinsically gendered.

Finally, I asked one of the COMER members about gender in COMER and other activist groups, and she said, "Men defer to women now." When asked whether she

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<sup>113</sup> She noted that there seemed to be an unusual number of women in the field who ended up becoming administrators, which is an important trend to monitor.

thought this was true in most economics organisations, she averred, “No. Absolutely not.”

First Nations were by far the most commonly mentioned minority group, yet came up only eight times (seven times as “Aboriginals” or “Aboriginal” and once as “indigenous”), all in a sympathetic fashion with one exception – a C.D. Howe conversant mentioned that it was unfair for teacher assessments not to take into account demographic information, as educational attainment tends to be lower in First Nations communities. In almost all other cases, First Nations communities came up in the course of discussions about inequality, social mobility, and poverty. One former bank chief economist said of First Nations poverty: “It’s just a travesty,” pointing to a 30% education funding gap on reserves. When asked whether Canada had an inequality problem, one academic said, “Yeah. Yeah. And it’s partly a general issue but it’s also related to specific sub-groups of the population. So the problem of Aboriginal poverty is incredible.” He said it was a complicated problem, but that “we need to provide more” and “ramp [funding] up a bit.” I was surprised to hear, from an older conservative academic, the following:

One of the reasons I hate Stephen Harper with a passion is I think he’s been so careless with the federal government’s goodwill among Aboriginals and environmentalists, et cetera, that just when we’re going to need some of those guys to cut some slack, it’s not going to happen.

Immigrants were by far the next most commonly mentioned group, with four references to immigration and four references to foreign students. Two of the latter comments specifically referred to Chinese students coming to Canada, while another referred to North African students studying in Québec; there was neither a positive nor negative valence to these comments. A fourth conversant commented that a lot of economics PhDs were foreign students who tended to be math-oriented and had some difficulties with language and Canadian public policy knowledge. One comment that bordered on racist arose as a conversant opined about the quality of the public high school to which he had sent his children: “It’s where all the Asians try and send their kids.”

Immigration was mentioned four times – in passing by a C.D. Howe economist, by a mainstream academic economist who noted the poverty among Aboriginal communities and immigrants, and by two bank chief economists. One of the latter pointed out that we make immigrants start all over again in their field of expertise if



they lack a single educational credit, and that language was a big issue for immigrants trying to enter the workforce. Another bank chief economist said, “Immigration is not as left-right wing as people think it is. If you care about low-wage Americans, do you want to let in more low-wage Mexicans?”

Race came up twice in interviews with academic economists who felt it was often overlooked or inadequately integrated into economic analyses. Another bank chief economist once referred, more generally, to “disenfranchised groups.” Finally, the sole remark about people with disabilities came unprompted from a mainstream UCalgary economist: “The science model doesn’t allow for disabled people.”

Finally, fully a quarter of Canada’s population is Francophone, and the country is officially bilingual, a feature that distinguishes it from the U.S. The fraught relationship between English and French Canada has played a significant role in Canadian history, moreover, and there are enormous cultural differences between Québec and the rest of Canada. For one thing, Québec tends towards public policy – and voting patterns – to the left of Canada as a whole. The history of the oppression of the Québécois and the suppression of their language and culture, combined with the upheaval of the Quiet Revolution<sup>114</sup> the October Crisis,<sup>115</sup> and two failed referenda on Québec separatism, have shaped Anglo-French relations in Canada to this day.

Two themes emerged in the course of the interviews I conducted. First, most of those who mentioned Québec were in fact Anglo Québécois, some of whom had negative feelings towards Québécois politics and public policy. Aside from positive comments about UMontréal and Laval and their ranking among Canadian economics departments – one professor said that “English-speaking Canadians probably forget about” them, and they are “more tied in with Europe” – the most positive comment about Québec came from an Anglophone professor in Vancouver, who made the earlier comment about “modern trends” taking hold in Québec sooner than elsewhere and who described attending a 1995 Québec referendum event at Harvard at which there were separate rooms with separate feeds in the two languages “and everybody cared.” He went on to point out that, in the past 25 years, there has been a steady increase in wellbeing in Québec relative to the rest of Canada, “equivalent to a

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<sup>114</sup> A period in the 1960s and 1970s in which Québec went from the most religious and conservative province to the least, remarkably quickly.

<sup>115</sup> A 1970 incident that involved the kidnapping of a government minister and a British diplomat in support of the Québécois sovereignty movement.

trebling of income [. . .] It's a big success story," even on a global scale, for a subpopulation to have such gains.

Remarkably, of the four heterodox professors in my sample – by all accounts the four best-known heterodox academic economists in Canada – three of them are Francophone Québécois (the fourth, oddly enough, is British by origin). Two of them scarcely mentioned Québec, although one of them was clearly influenced by his education in France, which was only possible because of the linguistic link; there the professors in his group were evenly split between mainstream and heterodox, which would have been highly unusual in Canada. The third Francophone heterodox economist seemed to share others' criticisms of Québec, noting that private schools there are subsidised (they are not in Ontario), which intensifies the societal gap because good students and teachers go to private schools. He also described meeting Milton Friedman in the 1970s at UMontréal, where most people were excited about Friedman's visit; he said UMontréal was a "satellite" of Chicago at the time, and that he had started a Master's degree there but "was disgusted" and quit.

The only mainstream Francophone Québécois professor I spoke with seemed to believe that "Québec is a separate model" compared to the rest of the country. He said that the tax system is not particularly progressive "in that you get to the top level very quickly" and that 45% of people do not pay taxes in Québec, "so the tax base is very narrow [and . . .] extremely steep [and . . .] the incentive to work is not very high." He later spoke of the differences between Anglophone and Francophone universities, saying that "It gives us a lot of constraints [. . .] You have to hire from a smaller pool of candidates" and that there were only two Québécois academics in the UMontréal economics department. The university provides private tutors to get an individual's French up to the appropriate level, however – there are many people who speak Italian, Spanish, or Portuguese – and they all publish in English: "There are very few people who publish in French. It almost never happens." He believed that because of the language preference, UMontréal probably has a higher average level of ability in their programs, with many students from Northern Africa and elsewhere.

Of the two Francophones working for think tanks, the Conference Board economist seemed to hold his home province in higher esteem. He said that Québec economists seem to reflect the more "social" focus of the province.<sup>116</sup> He later said

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<sup>116</sup> Some of them will even defend supply management in the dairy industry, he added, which most economists will not.

that Québec has perhaps been more creative in managing its ageing population, reckoning with the decline of manufacturing in the province, and so on.

His fellow Francophone at the C.D. Howe Institute, on the other hand, barely mentioned Québec, merely saying that it was fairly “parochial” during his undergraduate years and therefore most people stayed in-province for university. The main difference, he said, was that UMontréal was very focused on theory and econometric models relative to equivalent programs in the rest of Canada – it was a B.Sc. as opposed to a B.A.

One Montréal-raised Anglophone professor described the mass exodus of Anglophones from Québec (“at least half a million”) during the 1970s and ascribed Montréal’s ensuing stagnation (and Toronto’s resultant boom) to that. He “never felt an attachment to Québec” although he was “attached to Montréal” and was “proud to be Canadian,” and thought that this view was typical among Anglophone Québécois, for whom there was more of a North American orientation (he would have been happy to move to the U.S.) than there was for other Canadians.

Another Anglophone professor who had grown up in Québec was less charitable towards it; he claimed that Québec “tends to be the most – quote – progressive province” and criticised a number of policies there. During the 1980 Québec referendum he looked at public expenditures around the world, and Canada’s was the second most devolved federation in the OECD after Switzerland. He later mentioned the Montréal Economics Institute, “which was inspired, at least, by [the] Fraser [Institute] and tries to bring a more market-oriented approach to the Québec wilderness.” Indeed, one Fraser Institute conversant included Québec in a list of regions of Canada he thought were “the problem”: “Right across the country we have people who have convinced themselves that the solution to the economic problem of scarcity is more government.”

One Anglophone mentioned that the C.D. Howe’s move from Montréal to Toronto had been due to the difficulty of getting people to move to Montréal after the Anglophone exodus, and an Anglophone Western Canadian professor now teaching at a Francophone university noted that the Fraser Institute’s Index of Economic Freedom had put Québec in last place among Canadian, American, and Mexican subnational jurisdictions. Taxes are relatively high in Québec, he also noted.

Finally, a small number of conversants mentioned Québec more or less neutrally; a Conference Board conversant mentioned Québec’s subsidy of private

schools, and a professor in Ontario noted that French-speaking universities were rising through the ranks – UMontréal was a “strong department” that “has risen a lot” and Laval has risen too – perhaps in part because they receive research money federally in addition to generous funding from the province of Québec.

### Economics Education

It seemed that most conversants had received a relatively standard economics education, given the overwhelming view that curricula were “homogeneous” across the country<sup>117</sup> – but few explicitly said this. All but one of those who spoke of a standard education expressed dissatisfaction with the experience. One mainstream professor said her education was “very standard;” the process was that “you learn stuff, you regurgitate it, and you’re done. I don’t think it was a very inspiring undergraduate education.” She was the sort of person who liked monetary economics “because I didn’t understand it, and nothing I learned helped me understand it,” however, so perhaps it would have been difficult to throw her off course. A CCPA economist said, “at U of T in 1982, it was all micro all the time – and game theory and stuff like that, which didn’t interest me. [. . .] I couldn’t bear the way economics was being taught when I graduated, which was the spring of ‘83.” One heterodox professor felt that it was only in his first economic history class that “I could identify with [economics];” of his macroeconomics and microeconomics courses, especially the latter, he “didn’t think much of it,” found it “arid,” and “didn’t connect with it at all.” A heterodox colleague characterised his education as “nothing to speak about in the first three years, nothing special,” until a course he termed “very eclectic, but very conservative at the same time” that exposed him to new perspectives. Conversants such as these appeared to have continued with economics despite, not because of, the way it was taught.

A much larger group of conversants, conversely, believed their education to be atypical in some way – twelve in all. One professor said, “I had a very good economics education” at UToronto and at Harvard “had a very broad education. [. . .] My own view is my education is as broad as you’d want.” He went on to say, however, that he felt that the historical, institutional aspects of economics were important, “and it’s

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<sup>117</sup> By “standard” I mean a mainstream economics education with little to no heterodox or pluralist teachings.

that historical institutional material that you don't pick up at the graduate level in course work. You pick it up as an undergraduate or you pick it up as a practitioner, but it's not something that's taught as part of a PhD training." He gained that, however, because Harvard "still had strong Keynesian roots when I was there" and he "was exposed to all kinds of things." Another professor said that her education at SFU was "atypical" – "SFU was very much Gary Becker Chicago School – so, relatively math-light. I mean I did math because I liked math." Her education at the LSE was unconventional too; Queen's was the only one that could be considered typical and she only stayed there for a year. She felt her undergraduate economics education was unlike that of many of her colleagues; for example, her fourth-year macroeconomics course featured Hayek and Coase, whereas typically "people who teach economics don't know much history of economic thought."

A Conference Board economist said, "I benefited from having really eclectic training" that was "very atypical" then, and also relative to his own staff's now. "We took neoclassical micro, which I thought was horrible," he said, but there was substantial variety in his other classes at the University of Manitoba; "it was a strange department, in that you had communists, I mean true communists, as well as rigorously trained neoclassicals in the same space," with classes in everything from Soviet-style planning to modern capitalism. He later attended McGill, which "was one of the few post-Keynesian places in North America." An academic also attended Manitoba as an undergraduate, and he judged that about a fifth of his professors were heterodox – "but that's very unusual in economics."

Eclectic economics programs appeared to have been less unusual back when many of my conversants had studied the subject, however. One bank chief economist lamented that since he had studied there in the early 1980s, "I think they've wrecked the economics department at the University of Victoria – it was an elite teaching facility" with professors who "really knew their stuff but could make it understandable" and courses that were "grounded in policy issues," which is rare now, but the department subsequently expanded to offer Master's and PhD programs and lost these elements.

A PEF-affiliated economist told of a bygone era at the University of Calgary as well:

Well, it's certainly not typical of what a typical program would be like today. Now, the University of Calgary was not a heterodox place; it was very

mainstream, it was probably quite conservative. Stephen Harper<sup>118</sup> was studying economics in the program when I was there. So there was a strong acceptance of the neoclassical precepts. But I started in 1979; I started just as neoliberalism was about to hit. You had a situation where, even in a mainstream department, you had a bit of a diversity of views. You had a few lefties, a couple of lefties. You had a willingness to debate. And one of my great fears is that that isn't there today. Someone like me who came along might not find any kind of nurturing voice to say there's an alternative.

He described a department that offered Marxian economics<sup>119</sup> and Soviet planning in addition to the traditional macro and micro fare. Of another professor who he thought was particularly good, he said: "He wasn't left-wing, per se, but he was a free-thinker, and he taught the course from a totally different perspective" and had students connect headlines to economic theory – "and always in a critical-minded way, rather than the certainty and determinism that you usually get from neoclassical economists. So I was very lucky. I suspect if I'd gone into the regular macro/micro intro course with 300 students and charts and graphs I probably never would have become an economist."

Another conversant, a bank chief economist, began her economics education at a women's college in the U.S. after initially enrolling as a math major. Both of these are remarkably male-dominated fields, but that fact would have been uncommonly lacking in salience in an all-women environment. A professor – also a woman – said she was "very fortunate" to have an unusually supportive teaching assistant to help her through the beginning of her economics education. A second bank chief economist noted that the economic history focus in his undergraduate program at UToronto was unusual; normally they "push the math very early" even though, for the average student, "real-life" applications are important.

One economist, after discovering heterodoxy in his third year,<sup>120</sup> managed to pursue a largely heterodox education thereafter by undertaking a Master's at McGill and a PhD at the "very heterodox" New School. Two other economists – one with the CCPA and a heterodox academic – studied in France. The former spent her final

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<sup>118</sup> Then-Prime Minister of Canada, a very conservative politician by Canadian standards.

<sup>119</sup> The professor "was a Turkish Marxist teaching at the University of Calgary for some reason."

<sup>120</sup> After taking that class, he said, "I came into my own. It kind of crystallised what I wanted to do, what I wanted to think, how I wanted to think. [. . .] I was always critical about economics, I didn't believe what I was learning, supply and demand and all that; it just didn't mesh with what I was observing in the real world. [. . .] But I didn't know why. I didn't have the tools to explain it."

undergraduate year in Bordeaux where the program was “far more mathematically rigorous, and introduced me to all sorts of more complex theories on everything – from Marxist economics to theories of dynamism. [. . .] Bordeaux was probably the most conservative faculty in France” when she was there in 1981, “and here was Bordeaux, seriously conservative in its approach, and teaching Ricardian theories of value, and connecting it to Marx, and showing Harrod’s – just very, very advanced, actually, for an undergraduate level.”

At Paris 1, where the heterodox professor studied, the unit’s leader was New Keynesian<sup>121</sup> but the others were heterodox. In France at the time, he said, it was half-and-half heterodox and mainstream, but now “things have unfortunately changed” – professors are largely neoclassical, the heterodox people are older, and very few young heterodox people are able to find jobs. When asked why this happened, he cited two reasons: infighting among Marxists, Keynesians, regulationists,<sup>122</sup> and other heterodox economists who did not realise that neoclassicals were taking over (“The neoclassicals got, if you want, better organised.”). Besides which, he continued, there was a shift towards neoliberalism more generally.

In all, this was a remarkable number of economists from my sample to have undergone a non-standard form of economics education. This is in addition to seven COMER members, none of whom studied economics formally; two journalists, neither of whom held an economics degree; ten conversants with at least one degree in another area of study; and three people with a joint major in economics and political science. Almost all of the latter two groups were professional or academic economists, as were the twelve who attested to having had atypical experiences with economic education.

My conversants made it clear that this array of educational experiences in economics would be much more uncommon today, particularly in microeconomics. One mainstream professor said, “I think graduate micro has a habit of being – tendency, better word – of being pretty similar across programs. Graduate macro I think tends to be much more variable. I think that’s always been the case.” When asked to describe the evolution of macroeconomics education, he replied, “there has been a convergence in the discipline” in the last 25 years – Dynamic Stochastic

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<sup>121</sup> Keynesian disequilibrium theory, a sort of mix of Keynesian economics (in which humans are not necessarily rational, for example, and there is a role for government stimulus) and mainstream or neoclassical economics.

<sup>122</sup> A French school of economic thought, and even this was split in two.

General Equilibrium (DSGE)<sup>123</sup> started to replace Real Business Cycle (RBC)<sup>124</sup> modelling, the first of which became used by Neo- or New Keynesians – Keynesians will put in “real and nominal rigidities” and neoclassical economists will use other things, he said, but they are the “same type” of models. There is now a move away from that, however, as RBC and DSGE used a single interest rate to represent the financial system – earlier versions “had no money.” Now a graduate macroeconomics class will start with DSGE; he felt lucky that he was taught RBC early on: “I ended up getting more into it in my teaching here – I actually thought they gave it short shrift at MIT,” but in his opinion you need to do both.

Several economists mentioned having mainly or even exclusively learned the RBC model, however; one IRPP economist was taught the RBC but became critical of it after the fact; Keynesians were right in a sense, he said – people thought the post-crisis stimulus would cause major inflation and it did not. “People that had been working in the area for ten or twenty years never really thought about what happens when banks fail, which was a “huge blind spot for the profession,” he added. A microeconomics professor said that during her PhD at the LSE in the late 1980s, macroeconomics was dominated by RBC, which really turned her off. Macroeconomics is now much more concerned with growth, history, and institutions, she continued, and is more empirically driven with “much less dominance of theory.”

Other conversants did not appear to support this view. One Bank of Canada economist remarked upon the gradual *decline* in emphasis on history, while a mainstream professor contended that the content of courses had not changed much but “is taught in a more accessible way.” Another mainstream professor felt that economics education was “much more mathematical” now, and noted the rise of econometrics. This professor said that the 1960s was a Keynesian period in macroeconomics, regardless of economists’ political persuasions, and in the 1980s everything shifted towards the neoclassical, general equilibrium paradigm. “Usually it’s a loss of faith in a paradigm that makes the profession shift,” he commented,

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<sup>123</sup> New Keynesian DSGE models work with the assumption that fluctuations in aggregate demand (as in, consumer or government spending) can cause business cycles, which is not true for RBC models.

<sup>124</sup> RBC models are a subset of DSGE models. RBC models are built on the assumption that money is neutral – that changes in money supply and nominal (interest-adjusted) interest rates cannot affect employment, wages, and so on; Keynesians would disagree with this assumption.



noting that this happened in the 1930s with the rise of Keynesianism, in the late 1970s with the crisis of stagnation, and now following the crisis of 2007-2009.

From the private sector perspective, said one bank chief economist, the “profession has changed dramatically” in the past few decades as markets became more important, households became more exposed, and finance became a part of the 24-hour news cycle – particularly during the 1990s, when we shed regulations that held down interest rates and economic analysis “became more focused on financial markets, more focused on modelling, more focused on high-frequency.”<sup>125</sup>

Finally, a heterodox academic began with the history of institutional economics in the early 1900s at Chicago, which influenced major Canadian figures such as Harold Innis,<sup>126</sup> who studied there after World War I. Until World War II many departments in the U.S. “were dominated by institutionalists” and “connected with economic history,” and Innis’ staples thesis was greatly influenced by this, although it was also “uniquely Canadian in many ways.” The historical, institutionalist tradition combined with a significant British influence, as several influential Canadian economists studied in the UK – many at Cambridge. This heterodox professor cited Kari Polanyi Levitt as an example, a McGill professor who attended Cambridge, studied under Keynes, and served as an assistant to Joan Robinson in the 1920s. Alfred Marshall had just passed away, but “at the time, the Marshallian tradition was fairly open” – Marshall’s work included plenty of math, but he was interested in realism; now it is all about technique. The Walrasian approach (general equilibrium) would later dominate, and with the rise of economists John Hicks and then Paul Samuelson, math became more important in the 1930s and 1940s. The Canadian Journal of Economics and Political Science<sup>127</sup> and political economy departments all split in two<sup>128</sup> in the late 1960s, and at the time there “was a more interdisciplinary focus” and economists “were all much more open,” he said; “There was no Chicago School to speak of. [ . . . ] Friedman was viewed as a wacko,”<sup>129</sup> and there was substantial interest in Canadian economic history at McGill in those days. The real

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<sup>125</sup> He also noted that as a bank economist, he had to become focused on more superficial, immediate work instead of deep historical and contextual work.

<sup>126</sup> An iconic Canadian political economist.

<sup>127</sup> Now the Canadian Journal of Economics and the Canadian Journal of Political Science, respectively.

<sup>128</sup> Dividing political science from economics in both cases.

<sup>129</sup> He had met Friedman in the 1970s at UMontréal, where some people were excited about him; Friedman was a “good carpet salesman, but there wasn’t much substance.”

transformation occurred during the 1970s and 1980s, when the profession “started to get polarised,” and by the late 1980s they were mainly hiring people in the Chicago tradition – it was “very tribal,” he recalled. Until that point Montréal, McGill, and UQAM were “all departments that were [. . .] mixed, which is what it should be. [. . .] We’re not a church here.” As soon as neoclassical economists formed a majority, however, “they wouldn’t give an inch. [. . .] And that’s what happened pretty much everywhere.” However, now, “I would say [the Chicago School] is passé, but the remnants of it . . . there aren’t many left, even in Chicago.” It is more complicated now. Of heterodox economists in Canada he commented, “we’re not a big group” and very much in the minority relative to the “so-called mainstream;” the “mainstream has narrowed itself,” he said, and the focus on technique has pushed out people “who might be more open to other disciplines.” Other departments have grown at the expense of economics departments, which “have been shedding all of this stuff that used to be taught within [economics]. [. . .] Harold Innis would not be in an economics department nowadays. This is despite the fact that Harold Innis had been the President of the American Economic Association in the 1940s.” This professor said of his own department that it used to be “all over the map” and “open,” with Marxist, Keynesian, neo-Ricardian, Institutionalist, and neoclassical economists all working there; hiring was on merit. However “if [he and his heterodox colleague] were on the market now, there’s no way we would ever get into the economics department. They would never hire us.”

### *Why Did You Become An Economist?*

Of the reasons economists cited for entering the discipline, the four most common were political motivations, the explanatory power of the discipline and/or its ability to answer big questions, interest and/or enjoyment, and talent for the subject. Within these answers, however, some interesting nuances and trends emerged.

The most common reason for studying economics was political (or social justice) motivations or an interest in policy, with 22 conversants citing this factor. Only nine of these were academics, however, and of those just four could be considered mainstream economists; the uneven distribution of answers among the various constituencies in my sample was striking. All but one of the COMER members

noted this as a primary motivation; one explained: “Social justice – when two thirds of humanity is shut out, you need to go looking for the reason.” She had sought information on the topic while organising a workshop as the social justice coordinator for the missionary oblates.<sup>130</sup> Another COMER member wondered, as a teacher, why the government could not seem to afford adequate funding for public education – there were no answers, she said, and nowhere to go to find out. “If anyone had ever told me that I would ever read anything about economics I would have guffawed for a week. I was not at all interested, and totally apolitical as well.” Another four individuals joined COMER via other activist work. A Fraser Institute economist said, “I was interested in economics as a very early age” after reading Milton Friedman’s *Free to Choose* and thinking, “that’s my set of values. [. . .] The individual is best-off making decisions for herself or himself.” A C.D. Howe economist mentioned the debates in the late 1970s and early 1980s regarding “what the appropriate role of government was” as a motivation for studying economics; he went on to say:

Partly, economics is supposed to be the science of human behaviour, so it’s intrinsically interesting from that point of view; you could think of it as a branch of anthropology. But also, I think from a very early age [. . .] I was struck by the extraordinary differences, when you look from country to another, in how well societies function and how prosperous people are and how free they are to explore their own interests and their own proclivities.

A professor said, similarly, “I went into economics probably to understand why some people are rich and some people are poor,” although her research did not end up centering on this question. Another professor wanted to look at inequality and poverty from an economics perspective. Yet another – heterodox – professor referred to his identity as “a young activist” in university as a partial motivation for studying economics. A mainstream professor said, “At the time [in high school] I had an interest in social issues, so I wanted some social science.” A PEF-affiliated economist said, “I was engaged in a range of different what you’d call social activist undertakings, and I went to university with a social conscience, thinking I’d like to study something that was compatible with that commitment.” A heterodox economist said of many people in his generation, “we weren’t going into economics because we wanted to be in business [. . .] it was because this was something very important [. . .]

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<sup>130</sup> A religious order.

and I wanted to make a difference.” He also mentioned growing up in poverty and “want[ing] to make sense of that.”

One central banker became interested in monetary policy growing up in the 1970s because “that was the big puzzle” then; “monetary policy in the 1970s was a mess,” he said, and “nothing seemed to be working.” A conservative professor recalled, “My interest in economics was always a policy-type interest” rather than the methods, approach, or way of thinking, as he felt was the case for others. Finally, a bank chief economist, a heterodox academic, and a mainstream professor all cited an interest in politics and/or political science as a motivation for studying the “closely related field” of economics.

Enjoyment of, or interest in, economics garnered 18 mentions in all, eight of which were from professors. One CCPA economist said:

I had a classic liberal arts education in my first year, and my economics professor blew me away. I just thought he was hilarious, and I was amazed at what economics was about. I don’t even know why I picked economics. Maybe it was just to fill in the spot that I needed. And then I continued to find economics the most fascinating course of any of my classes.<sup>131</sup>

An academic economist gave the explanation, “Because I’m fascinated about money. [. . .] Because it dominates everyone’s thinking” and because her first economics T.A. had broadened the field for her; “but it was just a curiosity.” When asked whether she thought that was common, she said, “Not now. Most of the students who do economics are much more job-focused.”<sup>132</sup> A bank chief economist said, “I love [economics] because it’s analytical, mathematical, and rigorous, but it’s also psychological and sociological and human behaviour and that to me is a nice mix.” A heterodox professor said of his first economics professor, “she was wonderful, and she was demanding [. . .] she just made me love economics.” A mainstream professor said of his economics education, “I loved it and I did well.”

Interestingly, talent for the subject was most frequently cited *first* (if mentioned in a longer list of reasons) and/or cited *more than once* among those who mentioned it (13 in all), and it was the most frequently cited factor among mainstream academic

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<sup>131</sup> She also said she appreciated “the beauty of the way micro and macro both intersected and existed in separate spheres.”

<sup>132</sup> Students enrolling in the years following the 2007-2009 financial crisis may well be more job-focused – and less likely to choose to study a subject for a love of it – because of constrained employment opportunities.

economists.<sup>133</sup> This answer also highlighted one of the advantages of qualitative methods; in the survey I circulated among a larger group of economists, interest in the subject by far eclipsed talent as a reason for studying economics – 83 out of 100 respondents listed it as a motivation for becoming an economist.<sup>134</sup> When asked an open-ended interview question, however, talent came up more often – it was clearly more front-of-mind for economists when they were not presented with a pre-selected list of options – and I was able to note how many times a reason was repeated within the same answer.

This method also helped tease out the reasoning behind some of my conversants' answers. One IRPP economist noted that he had received the highest grade in Grade 13 economics, and acknowledged the role that played in his decision-making: "when people tell you you're good at something . . ." One mainstream academic economist said, "I was good in math, so just for that reason economics was a natural thing to [do]." A CCPA economist said, "I'm good at the numbers side of economics – I can take datasets apart and put them back together and that stuff comes very easily to me. I was looking at work in progressive policy circles and that toolkit [was] my selling proposition." A professor described a process of deduction that turned on talent; she said it "was down to math, philosophy, and economics because I enjoyed them all," but she was better at philosophy and economics than math "and economics was going to pay better." A Bank of Canada economist said he "did quite well relative to my peers when I was in high school" so pursued commerce and economics in university. He, like some others in my sample, specifically referenced the grades they received; of his first economics class, he said, "I think I got 101 in the course, because he gave out bonus points." A bank chief economist gave his reason without hesitation: "Yeah, because it was easy to get high marks;" he was also able to recite almost all of his undergraduate grades. He continued, "In fairness I did like economics. At least in first-year economics there tends to be a right and a wrong answer, so it's not that difficult to get high marks. That drew me into it." Another mainstream academic described a variety of courses in his first year, including history, "which I loved – I wanted to do history. [. . .] I loved history best of all and I got a C." He also expressed "a real interest in psychology, how people make

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<sup>133</sup> Seven mainstream academics in total; no heterodox professors included talent as a factor.

<sup>134</sup> They were able to choose as many as they wanted among 9 options – plus "Other" – for why they had become an economist.

decisions,” but noted, “I did *nothing* in economics and I got an A. [. . .] Poli Sci was the other course I did well in. So I decided to do a joint degree in economics and political science.” This professor was among the most interdisciplinary and policy-focused of those to whom I spoke, and was clearly intellectually curious, yet never mentioned a genuine interest in economics itself – only his performance or aptitude.

Another mainstream economist said:

Basically, I didn’t want to commit to anything, and I figured math would be the thing that would give me the most flexibility and it was easy; I was good at it. But then at the end I decided that math wasn’t going to be – I wanted to be an academic. I was in my third year in math and we were learning theorems that had been proven in the 1850s, and so – [it’s an] awfully long way to go to reach the frontier in a field like that.

When asked what appealed about economics, he said, “It was easy for me. That’s part of it. The reason I took math, quite bluntly, was because there were no labs and no essays – you just had to do assignments. And I was good at it. So, you know, it was easy.” He went on to explain, “It was really just an interest in human behaviour and in mathematical modelling. So it sort of put them together in an interesting way. And incentives. [. . .] But I can’t really say it was a drive. It was basically something I figured I would do okay at.”

A bank chief economist said something similar: “I was doing really well” and “I was good at it” but also “I was doing it for the sake of doing it.” He thought he would “be a so-so academic” in economics. Unlike many economists he was good at writing and presenting, and saw a chance to excel as a bank chief economist.<sup>135</sup>

A Conference Board economist said, along those lines, “Basically it’s how my brain works, what I’m good at. I’m good at lots of things, but not brilliant at anything. Although I can write pretty well for an economist. I can write in a way that people can read it.” Several people noted that economists tend not to write well, so this was a clear competitive advantage for him.<sup>136</sup>

Fourteen conversants cited the broad explanatory power (including of human behaviour), and its implication in big questions, as part of the appeal of economics. “You can explain the world,” said one professor; it “explains people’s behaviour.” A

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<sup>135</sup> Besides which, he added, “Did anyone tell you how cushy a job this is? It’s a dream job. But don’t tell anybody.”

<sup>136</sup> Like the chief bank economist above, the Conference Board economist clearly enjoyed his work, saying, “I love my job because [*whispering*] – I can do almost anything I want.”

Conference Board economist said it was “the skill set you need to take on big big problems” and a mainstream professor concurred; after listing other factors, he said, “The other thing I liked is that it really asked big questions.” A Fraser Institute economist said that “the technical definition [of economics] is the study of the scarcity of resources, but what it’s really about is understanding human behaviour.” A PEF-affiliated economist cited learning about the history of thought and major economic debates, “and that really grabbed me.”

For ten conversants, economics suited the way they thought, or they appreciated the mode of analysis economics employed. One professor took an introductory economics course during her Master’s at Harvard “and I never looked back.” When asked what appealed about it, she said, “I guess the way my mind works.” Another professor said his first economics course “was like a revelation – I just found that the subject was approaching things and analysing things in a way that seemed very natural to me, so I was immediately taken with it.” Another professor liked the “rigorous way of thinking; there’s a model;” a bank chief economist said he was “captured by the way that the economics profession looks at the world.” By one C.D. Howe conversant’s third economics class, he thought:

Oh my god, this is it for me. I wasn’t doing really well at math because I didn’t understand, you know, calculus, and in economics it became immediately clear what calculus was all about. It was just expressed differently, in these very concrete terms. [. . .] Because I understood economics I understood math, and not the other way around.

Two others perceived an appealing neutrality in economics’ methods; one Bank of Canada economist commented that economics “seemed to have a stronger analytical basis, and it didn’t seem to matter as much what the views of the professor were; [. . .] analysis was fairly judgement-free.” A mainstream professor said, “I liked the reasoning that’s involved. [. . .] Economics, to my mind, is the application of physics – of pure cold logic – to just make sense of the world out there. I’m just fascinated by it, always have been.”

A substantial number of conversants – eight altogether – ended up in economics by default or happenstance. One professor, when asked how he had come to economics, said, “Probably accidentally. I was a commerce undergraduate and knew I didn’t like it.” Another professor, originally from Kenya, said that “in my case it was especially random” – it was partly a process of elimination as his school had few options; he could not draw, so architecture was out; his family thought he could only

teach if he studied English or math; engineering was basically mechanics; and economics was the only other option – “a fall-back.” A third professor followed a similar process: he did not want to join the army, did not want to be a schoolteacher, and had not studied enough science to enter that domain, “so I think the only thing available was social science. The only social science I’d heard of was economics, so I applied to the LSE and a number of other places and got in.” Another British-born professor originally applied to study American Studies before entering the workforce. When he finally went to university at the age of 21, he told the director that he was interested in political science. When asked if he was good at math he said yes (“I wasn’t.”), so the director recommended economics; “nonetheless I think it was a good choice, for me,” he said.

For another three conversants economics truly was the default. One heterodox professor said simply, “Well, my father was an economist.” He wanted to go into medicine at first, but Laval did not admit him because they could not compare his grades from France (they advised that he go to Cégep, to essentially repeat two years of high school), “so I thought, okay, give this up and go into economics.” A bank chief economist’s father was a banker, so he was familiar with the field, and used to read the business section of the newspaper. He did not know much about economics, but wanted to do something other than business – so it was “by default, happenstance.” Another bank chief economist’s brother is an academic economist and his mother was a consumer debt counsellor, so economics was a natural choice.

Five conversants mentioned practical considerations or job prospects as factors in the decision to become an economist. Upon finishing his Master’s in history, one professor was “faced with the likelihood of unemployment or hanging my diploma in the back of a taxi.” He was torn between being “completely practical” and doing an MBA, or trying to maintain “academic interests but still be marketable [. . .] so I just kind of drifted into economics.” Another professor chose economics “somewhat randomly, maybe because I was good at math. Jobs were also better for economists, so that maybe played a little bit of a role. But I hesitated.” A CCPA economist said, “I just stumbled into it, really,” after working and traveling for ten years and realising that she would need a career of sorts: “I just wanted to get a piece of paper so I could make more money; that was my only rationale.”

Five conversants noted the versatility of the discipline; one bank chief economist said, “you can do anything and everything” and “can apply that framework



to virtually any issue in life. It's endless."<sup>137</sup> Three economists liked the subject because it was "challenging" (incidentally the same number who liked it because it was easy) – one IRPP economist had thought he would go into business, but found the classes "intellectually vacuous;" economics was harder and he learned more. A professor said, "Something like history – I'm being totally cruel here – something like history . . . I know to be a great historian – it's not easy. But to be a half-assed historian is too simple. I wanted something where you really have to practically sweat to understand the logic."

Finally, three conversants mentioned the appeal of a "real-world" or "applied" subject, three conversants liked science but hated labs, two conversants mentioned not being "smart enough" to do math or physics, and four conversants appreciated the "historical context" of economic history and history of economic thought courses.

"A lot of economists I know didn't plan on studying economics," said one professor, and indeed, only one conversant (a bank chief economist) had an early inkling that he would become an economist. The remaining conversants came to economics in Grade 13 or later, ten of whom attained at least one degree in another subject first.<sup>138</sup> This pattern seems likely to change; in the International Baccalaureate (IB) programme alone, operational in 175 schools across Canada, the number of students learning economics has nearly doubled in 9 years – from 624 students in 24 schools in 2008 to 1,149 students in 46 schools in 2017 (International Baccalaureate, 2017). In my survey of economics professors, 25% took a high school economics course; my interview sample skewed older than average, while the survey included a swath of much younger academics, and this does seem to indicate that more members of the younger generation studied economics in high school.

Among the survey respondents, there was a distinct pattern according to age group; 65.4% of academics aged 28-40 listed "Because I was good at it" as one of the reasons for studying economics. In contrast, of all academic economists over 67, only 20.8% listed talent as a reason to enter the field. This was as stark as any of my findings, and thus this will be addressed further in the discussion.

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<sup>137</sup> One professor described the aforementioned questionnaire his student had circulated among 3<sup>rd</sup>-year students in economics, business, biology, math, and English, all at Queen's, which suggested that this was true for the students in her sample as well – economics and biology majors cited as the single biggest reason for studying their subject uncertainty about what they wanted to do and the desire to keep doors open.

<sup>138</sup> Interestingly, three conversants specifically completed a joint major in political science and economics.

### Critiques of Economics Education

Unsurprisingly, all of the COMER members I spoke with were supportive of the pro-pluralism<sup>139</sup> student movements that had arisen in the wake of the financial crisis. One COMER member said, “Oh, it’s marvellous. They’re way ahead of us here.” Another COMER member referred to the prevailing approach to economics education as “abysmal,” while another felt that mainstream economists were “peddling voodoo.” Although their language and arguments differed, the academic heterodox economists were largely in agreement; when asked whether he was sympathetic to the student movements’ critiques of economics, one professor said, “Of course. Absolutely.” He went on to say that the way to change the current situation, as INET well understands, is through the power base of funding sources, which neoclassical economists tend to control. He had never received funding from mainstream economics sources, and was only ever able to secure public funding through political science and political economy channels. Another heterodox professor simply said of the profession, “The whole thing is a complete mess, which is why there are these initiatives to change the curriculum.” A heterodox colleague concurred, saying, “I’m very sympathetic to it.” He believed there were two problems. The first is the way economics is taught, especially in France, where it remains very theoretical and abstract; this might be why there are more complaints there than elsewhere. At least in Canada and the U.S. we have good first-year textbooks, he said; “on the one hand they come up with simple stories, which are usually favourable to the market economy, but on the other hand they are very well-made” with plenty of examples and pictures and not too much math. He pointed out, however, that from the 1980s onwards students were not expected to read books in PhD programs – only articles. The other issue is that “what is being taught is only mainstream economics [. . .] people have zero exposure to other views. So the students are getting annoyed at that,” and also at models that “are unrealistic” and “have absurd hypotheses [. . .] the foundations, from our point of view, are dumb, so even if you add a few realistic things on top of it, it doesn’t make it any better.”

Another heterodox academic economist concurred; “In economics, the crisis of 2007 has shown that certain things *do not work*. And those theories are still around

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<sup>139</sup> Pluralism means the inclusion of a variety of alternative theories, models, and approaches to economics that would not be included in the standard mainstream curriculum.

today,” as opposed to the approach in physics, where theories that do not work are discarded. “Mainstream theory doesn’t even think that crises can exist. Because [markets are] so efficient. They’re self-regulating, they’re efficient. We know that austerity policies don’t work. We know that markets aren’t stabilising; in fact, they’re prone to instability, chaos.” The crisis “ripped the veil off.” In terms of what is taught, “The real issue is – should universities offer a range of courses that reflect different ideas? And the answer has always been, yes.” The absence of debate, he says, “is what students are complaining about,” and the same absence is evident in hiring, journals, and economics curricula.

The crisis came up frequently in discussions with left-wing economists. One PEF-affiliated academic opined that without a crisis, “you’re not going to change economic thinking,” and that Minsky warned us about our short memories. Of the students’ movement she said, “I think it’s fabulous.” She felt that the field “has narrowed considerably,” noting that her undergraduate experience at UToronto included a robust array of economic history and history of economic thought courses; the latter “have been excised from most programs” and there is much more emphasis on statistics and streaming students towards technical jobs. Introductory courses are now taught by contract lecturers and “a robot could do it,” with textbooks and standardised PowerPoint presentations and the like; furthermore, “the difference between textbooks now is the difference between toothpastes” – textbooks are basically all the same and the only variation is in the macro section, which can be a bit more Keynesian or a bit more neoclassical. One CCPA economist noted that “you have to start with the neoclassical school, which for a lot of students is a real turn-off.” Many policymakers took introductory economics, which means they are only familiar with the neoclassical model; minimum wage is bad for employment, according to that view, even though the data are not able to show this. The Marxist model, however, asserts that people are paid according to their bargaining power, not their marginal productivity; “the CEO gets paid more because he’s got more pull with the board. Because he sits on it.” He went on to point out that “time is not on the axis” in neoclassical economics, and that one of the results of the crisis is that it highlighted the fact that debt accumulation is not included in the neoclassical model, where debt is just a trade-off among different people’s time preferences and “in and of itself, shouldn’t be able to affect economic cycles in the way that it did in 2008 and that it does on a regular basis. But that’s unique to [the neoclassical model]. There are other

models that think that debt is very important. The Post-Keynesians believe that debt is very important.”

A CCPA economist colleague elaborated:

So the thing that we don't realise in economics – I didn't realise it until we got to 2008 – is: we don't have a theory of money other than Keynes' theory of money. We don't really have theories of how the financial world intersects with the real economy, and that the world is massively financialised. That the world of shadow banking – we don't even know how big it is. BIS<sup>140</sup> doesn't know whether we're double-counting.

A PEF-affiliated economist saw this as an opportunity: “In the area of popular economic literacy I think engaging with the banking system and exposing how it works, challenging the assumptions of private banking, is a very fruitful avenue to get average people out there and questioning conventional economics.”<sup>141</sup> He was “completely” supportive of the student movement and wondered why it had not taken off in Canada.

These views were perhaps unsurprising, but some support for the students' movement came from unlikely sources. One otherwise mainstream academic economist had clearly questioned dominant assumptions in the wake of the crisis, saying of the traditional approach, “Well, it provides a useful framework, but it's way too abstract. One of the outcomes of the financial crisis is a certain questioning and crisis in economics and the abstraction – where does it lead? Does it lead to anything that's socially useful?” She went on to say that ‘the tail was wagging the dog’ prior to the crisis, the ‘dog’ being the real economy, in part due to “mathematisation, so securitisation, of a whole bunch of assets in a way that abstracted from the fact that they were junk.” When asked whether she sympathised with the students' movement, she said, “I do” – she had a “conviction” of this since cramming for micro and macro exams in her first year, although she learned some useful principles, such as marginal change<sup>142</sup> and certain behavioural concepts. Today “some of the most interesting

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<sup>140</sup> Bank for International Settlements.

<sup>141</sup> Indeed, one COMER member noted that Canadians knew a lot about banks and bankers in the 1930s due to the upheaval of the Great Depression; she felt that this had helped push politicians to enact legislation to reform the banking sector during that era.

<sup>142</sup> The difference between average and marginal, essentially – average cost being the average of the cost of all units, and marginal cost being the cost of each additional unit (once a machine has already been bought, for example, the cost of each additional widget it makes will not be the same as the average cost of the widgets).

work is probably in what's becoming known as behavioural economics – but again, the danger is that it becomes so abstract that it's irrelevant to the real world."

An IRPP economist echoed this sentiment: "I'm sympathetic to that – there's a lot of truth to that – when I came out into the real world again after doing my work I did feel that it was a sheltered academy that didn't really care what was going on and was happy to year on year teach the same courses, publish the same papers." This kind of critique was particularly prevalent among non-academic economists or practitioners from other disciplines; one bank chief economist felt academic economics was "too mathematical, not grounded in anything;" a Conference Board economist said modern economics is math-heavy – "a little too much" – with "very little applied" content, which means that graduates of these programs do not read the newspaper or see how their discipline applies to the "real world." A C.D. Howe Institute economist declared, "Institutions matter a lot, the legal structures matter, history matters. It's very difficult to translate some of these skills from one country to another, even though a lot of the economic forces might seem the same." One law and economics professor lamented that in the early days of the law and economics program at Toronto there was much collaboration, but economists are now more concerned with "formal mathematical modelling" and applied public policy is "going out of style."<sup>143</sup> Indeed, as one bank chief economist said: "Academics are not very involved in policy issues, and the reward system is totally stacked against them doing so. If you want the kiss of death of getting yourself off tenure track, involve yourself in public policy. That's not a wise career move." Instead you must publish mathematical or theoretical work, he said.

Two conversants complained that the mathematics involved in economics was not even high-level; one heterodox economist said that his colleagues have simply memorised formulas and do not know how to do the more complex work. A CCPA economist who had begun his education in engineering said, "There's much much harder math that's taught in first-year engineering than is taught in fourth-year economics;" demand-supply equations are the same as those once used by meteorologists to describe the weather, with the return to equilibrium and the like. "Most economics happens in spreadsheets," he said; "it's kind of concerning sometimes."

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<sup>143</sup> He also mentioned that the Competition Bureau now has trouble finding industrial organisation economists who can do "applied problem-solving" as this is no longer taught in economics.

Somewhat to my surprise,<sup>144</sup> and unprompted en route to the elevator after our interview had concluded, a Bank of Canada economist lamented that economics is “getting more mathematical over time, much more so than when I was going through it. Which I think is unfortunate. It’s useful, but I think it tends to take the discipline not always in the right direction. Because I think there’s a lot of economic intuition you can develop without getting into very advanced mathematics.” At MIT, he continued, the faculty believed that the best training for an economics PhD was an undergraduate degree in physics, and that the difference between an undergraduate and a PhD in economics is that “it just becomes much more mathematical.” He observed that his daughter had completed her undergraduate degree in economics but did not want to continue because of the increasing mathematisation.<sup>145</sup>

His was not the only seemingly unlikely critique. Interestingly, the bank chief economists were rather starkly split. One made some of the harshest comments I heard on the subject:

The economics profession should be severely humiliated and embarrassed. I think they’re out to lunch. Even if you look at the Bank of Canada, the financial sector was represented by the interest rate and the exchange rate, and that was it. Neither one of those variables had anything to do with the crisis.

He did go on to say that new models are emerging now, but critiqued the austerity policies in Greece, along with the IMF’s recommendations, and seemed to think that there was far more work to be done.<sup>146</sup>

His counterpart at another bank was less harsh, but began by conceding, “I think it’s true that beyond undergraduate a lot of academic economics become math for math’s sake” and that economics is “valued for its mathematical vigour as opposed to its practical relevance. [. . .] Everything is modelled as if you have a perfectly rational single agent who has perfect foresight and wonderful information” and “a lot of time

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<sup>144</sup> I was similarly surprised, and amused, to hear (unprompted) from another high-profile Bank of Canada conversant, regarding economists: “By and large we’re not great educators.”

<sup>145</sup> It is difficult to know whether his daughter’s reasons were typical, but there does appear to be a steep drop-off in the percentage of women in economics after the Master’s level; according to the 2009/2010 CAUT Almanac, women made up 37.5% of undergraduate economics students that year, nearly reached parity among Master’s economics students at 46.6%, and then dropped sharply to 32.7% among economics PhD students, a rare pattern among the dozens of disciplines listed in the Almanac (Canadian Association of University Teachers, 2010, p. 31).

<sup>146</sup> He also complained that in finance programs they “don’t even do systemic risk,” although this is beginning to change in some cases.

is spent on stuff that, frankly, we never use. [. . .] Maybe you enjoy that, it's consumption, but it's not training, and it's not that relevant." He went on to say that perhaps it was his bias against freshwater<sup>147</sup> macroeconomics, but that much of it was "useless" and that among central bankers, even in the U.S., it "is almost completely ignored" because a lot of models do not line up with the data. He also pointed to economics graduates "who don't read" and "can't write" and regretted that economics courses lacked "content on the actual world" such as accounting and finance. "I don't think it needs a wholesale revolution, because part of what you learn when you study is just the rigour of getting through stuff, and research methods, and how to think logically." However, he continued, "Too much of the economic stuff, if you've just done pure economics, is so divorced from the institutional detail that you're overwhelmed when you start off – you don't really know all these terms that are floating around. [. . .] You may know nothing about financial markets, and you have your Master's in economics."

A colleague from another bank thought there should be a course on current affairs, "what's going on in the real world." "I think we're still learning from the financial crisis," he said, including the "limitations of models, and econometrics more broadly" – banks were using really short-term models so we "just didn't have enough history to know." Yet another bank chief economist said of such criticisms that "some of it's probably legitimate."

One professor seemed impatient with the students' critiques: "Do I think the standard assumptions in the standard textbooks are false and misleading? Yes I do, but so what?" All social sciences need to be re-thought, he said, as does higher education more generally; universities have become degree mills. "So focusing on narrow, rich countries' textbooks to me is wasting your time" and he thought this was a reflection of the consumer model of education; students expect to learn everything because they paid for it, but they could just as easily look up critiques on the internet. He went on to level some of the most stinging critiques of economists, however: "Economics and physics bear the same sin, of imperialism, so economists tends to regard themselves, and tend to be regarded by other social sciences, as the princes –

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<sup>147</sup> There are many differences between "freshwater" and "saltwater" economics, but loosely speaking freshwater economics is associated with the Chicago School and other institutions with a small-government, laissez-faire bent; saltwater economics includes a role for government and is associated with Harvard, MIT, and other coastal universities in the U.S.

in a power sense – among social scientists. That’s bad for everybody” and “it’s probably led to quite a bit of bad science.” Physicists do not consider economists “very scientific,” and he reported that a former-physicist colleague kept notes on cases in which economists were “busy assuming everything that should have been investigated.” He continued:

You assume self-interest without testing it; you assume high levels of information without testing it; you assume something called rational expectations; you assume something called rational choice; as though it was a) a standard of good behaviour and b) a feature of actual behaviour – and, of course, that’s wrong in all dimensions. That’s gradually changing, but it was true for much too long.

The scientific aspirations of economics arose in discussion with another professor as well; she said, “So many economists think they’re objective and scientific. [. . .] In order for it to be economics it has to have statistics or math in it. When did we define a discipline on the basis of which method we use to explore a problem?”

Remarkably, the idea that the discipline was objective and free of politicisation – although supported by three academic conversants, as we shall see below – was challenged by an older conservative conversant, one of Canada’s best-known economists. He said, “Macroeconomics is and was always very very contentious.” Microeconomics is about individual behaviour – “there’s an almost unexamined assumption that markets work,” which is not to say that people have not looked at the conditions under which they do – but they proceed with the assumption that they do, and “it must be partly true, right? Because the stuff works.” However, he said of the monetary system:

It’s the set of social institutions through which individual behaviour gets coordinated. And that’s how we organise our lives. And that’s very political. It has to be political. And macroeconomists can go around shouting as loud as they want about being scientists, and I assure you we are – we indulge in deductive analysis and we try to test our theories against data, and sometimes we change our mind if someone shows us we’re wrong, not always, but sometimes – I don’t think we’re any worse than physicists or anything like that at these things – so we’re scientists, but there’s also this other stuff. Because our science is immediately about political issues.

When asked what his response was to the students’ movement, he said:

Sort of a bit of warm sympathy. [. . .] My big grumble, which if listened to would take a lot of the steam out of this, is that economic departments no longer pay enough attention to economic history and they no longer pay any attention to



the history of economics. If they did, the students would meet some of these traditions at least in a historical context and at least they would learn why they're not in the middle of the theory curriculum. They might then want to go disagree with it, but at least they would understand what the issues are. Now I think they just have a feeling things are being kept from them, and it's all part of a conspiracy, and that's not so good.

Economic historians do not often secure appointments in major graduate schools, however, he said, and "economics gets into trouble when one particular group gets a lock on the journals and the conferences and appointments in certain key departments." He continued, "So I'm not one for destroying the core curriculum of economics, but I do think there's room for some of the other stuff." Another mainstream professor took issue with the scientisation of the profession more generally, saying, unprompted in response to a different question:

My frustration with economics is that the scientists tend to sneer at the engineers, say 'you're not doing real economics; you're helping people build a homeless shelter. That's not real economics.' And I just get to say, that's fine. Go and do what you want, but I'm actually saving somebody's life. What're you doing? So there's a frustration I have that my work is pooh-poohed by scientists. [. . .] There's a conflict in academia. I sometimes think of academics as one of two types – I'm stealing this from Greg Mankiw, who said you can either be a scientist or an engineer. And the scientist is that kind of economist who's so – theoretical models, based on extreme – interesting – assumptions about how people behave and how the world works. Very simplifying assumptions, very abstract descriptions. But very technical, mathematical approach to understanding economics. The engineer, which is how I would classify myself, says, that's helpful, but a lot of the abstractions you've done in order to allow you to do the science prevent you from answering questions that are relevant for understanding the real work and in particular the policies that governments want to introduce.

If you are wondering why there are so many homeless people, he said, "the scientist really can't answer that" because you need to take into account addictions and other human factors. Earlier in his career he had to do this "science stuff," but "it really didn't turn my crank." He realised that his work would only be read by a handful of other scientists "and it wasn't like I was actually helping anybody," which is partly why he became involved in policy. As a "young Turk" your "route to promotion" is the science, modelling route, "but then over time you realise you have to self-teach. I self-taught. If I wanted to do more interesting things, I needed to [make

connections].” This he had clearly done, working with social workers and sociologists on homelessness.<sup>148</sup>

Of economics education, he said, “I think mainly we’re educated badly” in part due to working within the science paradigm. “There should be at least one course that says, this is how politics works. [. . .] Most of the students want to be engineers. The ones who want to be scientists become faculty members.” Of the students’ movement, he warned not to “throw out the baby with the bathwater, but it’s certainly true that we need to emphasise things that we had stopped emphasising” such as institutions, as the crisis showed – “we hardly even mention [institutions] anymore. [. . .] That was a fair criticism, that economics teaching was not emphasising enough the role of effective institutions and not emphasising enough the role of government.” Of my dissertation topic, he said, “I think it’s a super interesting question. And it really speaks to what we should be doing to graduate schools, and how they should be reformed – and how they’re failing. They’re failing students, they’re failing society by not turning out people who [could really help].”

For him, and for a number of other professors, the question clearly tapped into a well of frustration. When asked whether economics education had changed since he went through the system nearly 50 years ago, one professor said:

No, and to me that’s a little bit of frustration. There’s a tremendous emphasis on competitive markets – in macro certainly, but even in micro – and efficient outcomes. It’s a useful paradigm up to a point, and of course in grad school you’re basically just learning what you’re taught. [. . .] And yet, there are alternatives. They’re not always better alternatives, but there are alternative ways of thinking about it. And it would be nice if we did a bit more of it. And I think that what typically happens is people start off right down the middle of the paradigm, and as they get older and as they get tenure they start getting wiser and thinking about other things, exposing themselves to different ideas, and then it can be frustrating. For me it was frustrating, because it was harder to publish. It’s easier to publish if you don’t offend anybody. The economic way of thinking about that is, when you publish a paper that is complementary with existing work, in other words it adds to it, then you make the existing work more valuable. [. . .] It’s partly why you end up with schools of thought. You have a whole bunch of people who will cite each other.

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<sup>148</sup> He said that at the beginning of that project he had said to his collaborators in other disciplines, “I am an economist so you’re going to think I’m a son-of-a-bitch sometimes because of some of the things I’m going to say,” like that if your homeless shelter is too nice, a drug user may trade rent for drugs and live in the shelter – “That’s thinking like an economist. [. . .] Social workers wouldn’t have thought in those terms. They’re nicer people than economists are,” he laughed.

In his long career, the papers he thought were his best took ten or twelve years to publish.<sup>149</sup> When asked whether he believed Canada had a dominant school of thought, he answered, “Yeah, the dominant school of thought is the standard efficient markets kind of hypothesis. That’s largely what macroeconomics teaches.”

Behavioural economics is “more realistic” but there are still limitations; it “has no way of doing welfare economics” so you have no idea if people are better off after a policy is implemented. If you are looking at things like cigarette taxes, “the standard model is perfect for that. But if you start talking about more complex things, and things where you’re actually trying to make a point prediction about what people will do, the standard model does terribly. And it does it in the laboratory – it’s exposed again and again in the laboratory as being wrong.” He clarified that there was no one model that works. When asked whether he thought he was alone in thinking that, he said, “No, no, of course not. [. . .] But there’s still a strong central core, particularly in macroeconomics, that looks at efficient markets and competitive markets.” Of the students’ movement, he said:

I’d love to see more of that, and I don’t know what has come of it. [. . .] I haven’t seen any real response in macroeconomics. [. . .] One of the issues is, politically, just getting stuff done when big money has huge influence on regulation. Economists understand that; we study that. But there aren’t a lot of practical solutions that come of studying the problem when, basically, rich people own the government. What do you do?

Another professor seemed to think that the critiques “will tell you a lot more about monetary economics and macroeconomics,” which is “maybe 20% of economists.” A further professor agreed:

The call for reform is always in macroeconomics, I think, more than any other area. In macroeconomics there’s both the analytical material and there’s sort of historical institutional material. And it’s that historical institutional material that you don’t pick up at the graduate level in course work. You pick it up as an undergraduate or you pick it up as a practitioner, but it’s not something that’s taught as part of a PhD training.

He felt that the criticisms targeted PhD training; “The PhD focuses on tools.” However, he said, “I’m not as convinced that we need to re-think the way we do things.

Macroeconomics changes every 25 years the way it teaches everything anyway. [. . .] I

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<sup>149</sup> “A lot of economists seem to be creationists or something. I don’t completely understand what it is. But there’s a tremendous opposition to evolutionary psychology in economics,” for example.

was part of a generation – we ate our elders, and now they’re eating us.” Another mainstream economist concurred that changes in macroeconomics are underway; he thought there would be a “resurgence of Keynesian economics” and said, “I’d say that macroeconomics is being rebuilt” to integrate the financial system, noting that the non-monetary financial system was also missing from Keynesian models. He continued, “What is the objective of economics? It is to explain the world that is there. If the world has shifted considerably, then shifting along with it is a good thing. [. . .] The questioning that arose after the crisis, the student movement and so on that objected, is a good thing. [. . .] Usually it’s a loss of faith in a paradigm that makes the profession shift,” but you need something “viable” to replace the old paradigm.

The overwhelming majority of the remaining comments were more mixed, acknowledging criticisms while defending aspects of contemporary economics education in Canada. “Some are overblown and some are warranted,” as one professor put it, and the “analysis of financial markets had been kind of simplistic.” Of the criticisms, he said, “I think a lot of it is useful” but the idea that we should start over is “unhelpful,” “dangerous, and needs to be resisted” – but to question, do good research, and add more data, as Piketty has done, is all good. “Trying to figure out what went wrong in 2008 is kind of the profession’s job. I think they’re doing it,” he said. Another professor said if he “was taught speculative ideas [. . .] I would be missing out” and that students need to learn mainstream economics in addition to alternatives, but that people started to pay more attention to Minsky again after the crisis and “if he would have been totally forgotten about that would have been a bad thing.”

Another professor said, “I think a lot of those complaints have a fair amount of validity.” He pointed to the advent of behavioural economics, but its inclusion in the curriculum varies a lot – it depends on whether the professors follow the most recent research. “I think it’s a very positive development for the discipline, but not everyone agrees with me,” he said. He mentioned the critique that there was too much math in economics, and when asked whether he sympathised with that view, he said:

No I don’t, but here’s what I’d say is that it can be a barrier to people who want to understand the arguments but aren’t themselves trained in economics or trained formally in mathematics – that can really be a barrier. And a lot of economists aren’t really good at communicating to those people. So I think that’s a problem. And also I think there’s a tendency for economists to value technique over content. Papers that are technically very difficult but have very

little behavioural content or substance have a better chance of getting published [than vice versa. . .] I don't want to overstate that, but it's there.<sup>150</sup>

He thought that some work was happening on this front, however, and that in five or ten years it probably would be taught in basic macroeconomics courses. Another mainstream professor said that the critique, even within economics, has centered on the question:

To what extent has the math gone too far? [. . .] That can shut out a lot of people who may have good economic intuitions, may have something to say, but it's not publishable until you codify it mathematically. So I think part of the new way of thinking is to back off from that – as I say, that's a critique that's been around for a long time – but perhaps with the financial crisis it's created an impetus for reviewing things.

As an example he pointed to Keynes' liquidity trap, which was challenged for its lack of mathematical sophistication but would have been useful in the crisis. However, "it's easy, of course, to critique the excessive use of mathematics, but it has its virtues too" as it forces you "to be precise. [. . .] There are virtues and downsides to the mathematisation of economics." He went on to say that there was "absolutely" groupthink in economics and that economics is "very top-down, so there'll be some leaders in the field who will kind of dictate what is mainstream theory, and they tend to control the journals." More so than other fields, he said, economics was "very hierarchical" – its journals are ranked frequently, the rankings are taken seriously, and they determine salary increases and grants and the like. Robert Mundell's Nobel Prize-winning work was all published in the Canadian Journal of Economics (CJE), he pointed out, but it is not ranked among the top economics journals.

Another professor supported this view, arguing that the biggest problem is when one group of people has too much power and there is not enough competition among ideas; "sometimes I think people are like bees, and they swarm from one thing to another without questioning. So that's why I think critical thinking is so important, and if anything should be a criticism of economics it's not so much the methodology [. . .] it's critical thinking."

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<sup>150</sup> He also echoed comments from other conversants in saying: "It's true that economics, and in particular macroeconomics, didn't incorporate the financial system very well. And we learned from the latest crisis that that has to change. You might say, well, why didn't you that? This is not the first time we've had a major downturn in the economy that had its roots in the financial sector."

Another professor, among my most conservative conversants, said of the student critiques, “I would say [they are] legitimate to a certain extent. It’s certainly the case that I’ve revamped [my]” undergraduate macroeconomics course, and that models were “quite deficient” in terms of “money and financial intermediation. [. . .] So yes, I think there’s a case that can be made for adapting the way we teach, what we teach, and the models we try to transmit to take into account this particular imperfection that was kind of neglected up until the financial crisis.” He confessed that it was difficult to adapt his teaching because the new models are more complicated, or “maybe I’m just not a good enough teacher.” He went on to say that maybe one of the weaknesses of economists is “that we try to formalise everything. [. . .] I can tell a pretty good story [about the crisis] but I’m a little bit frustrated because I can’t build that into a model. And if I can’t built that into a model then I’m not happy as an economist.”

Another professor wrote a newspaper article defending Economics 101 because, although it is can be improved, it nevertheless “is very valuable.” He went on:

But I think there’s also some things where we go wrong. I think we don’t talk enough about policy – we don’t talk enough about the real world. [. . .] We teach them the theory, which is good; we teach them the math, which is good; I’m a big fan of theory and math. I don’t think we should obsess on the math, and if we ever feel that we cannot teach economics without math, then we’re doing a major disservice.

He felt that “policy courses [are] the obvious way” to connect economics to the real world, saying that they teach theory and math “partly because that’s what we like, and what we’re good at” as professors, expecting students to connect the material to the real world themselves:

They quite often come out, and they say, well, great, I can derive this model, and I can show this diagram, and I can shift this curve, but now my mother has just asked me what inflation targeting is all about and how it works and is the Bank doing a good job, and my answer is, ‘Oh, I’ve taken this course on monetary policy and I don’t know.’ And you think, whoa, there’s something wrong with that.

He felt courses should cover questions such as the size of Canada’s GDP, what the economy looks like, what the policy debates are, and the like. They do some of this, he said, but it is not enough. In all, a large number of conversants gave mixed responses of just this kind, combining critiques of the field with defences of it.

Nevertheless, a handful of economists felt the criticisms were overblown. One otherwise left-leaning economist seemed offended by the question, saying, “I think a lot of it is very ill-informed. [. . .] Things have changed radically since the 1980s – there’s been an empirical revolution in economics.” She mentioned behavioural economics as well; when asked whether this had been integrated into the curriculum, she said (somewhat defensively), “to varying degrees,” before softening her tone: “If you do behavioural economics, [students] say why are we doing anything else? They just absolutely love behavioural economics.” When asked about macroeconomics, she said, “This is what kind of frustrates me with what I see coming out of the University of Cambridge – from various people at the University of Cambridge<sup>151</sup> – about economics education is that it’s very out-dated in terms of what’s being discussed” regarding RBC and rational expectations, for example. “In macro it’s more ideological, and I’d say in the States it’s more ideological, but when I read in the Guardian about economics education I wonder who they’re talking about because it’s certainly not the experience of the world I live in.” Interestingly, this conversant had earlier lamented that “people who teach economics don’t know much history of economic thought,” but did not raise this in the discussion of students’ critiques.

Both UMontréal economists seemed to dismiss the students’ movement as well; one said, “I think they are for the most part misinformed.” He claimed that in economics the “principles are fairly neutral. [. . .] It’s not about ideology – these are just tools in order to understand these phenomena. You have to approach this as a scientist. [. . .] You cannot rebel against the tools just because you don’t like the outcome of a certain argument,” he stated, referring to the students as “ideologically-driven.” His colleague agreed:

I think they’re exaggerating problems. [. . .] It’s a profession that is homogeneous to a large extent, but I don’t think it’s homogeneous, as I said, in terms of ideology – we just agree on the kind of tools that should be done, that should be used. [. . .] I’m certainly not very sympathetic to their alternative views. I’m very mainstream.

An SFU professor agreed that the concerns were exaggerated, saying that the profession had already evolved; “Economics came from political economy and they dropped the political. I think they’re moving back into political economy. I think

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<sup>151</sup> I am not sure that there are “various” vocal critics of economics education at Cambridge; this may have been a way of expressing her frustration with me and/or my question, however.

they're more like the French students in 1968 than . . . I can see changes in the economics curriculum." To make second-year courses interesting he had always discussed Hungarian hyperinflation, the Depression, U.S. bank failures, and the like, "so I felt somewhat immune from the criticisms – because it was always part of my course," he said.<sup>152</sup>

### Learning, Curiosity, and Multidisciplinarity

Although some conversants were highly intellectually curious within the context of a single subdiscipline or range of topics within economics,<sup>153</sup> in general most intellectually curious economists were interested in a wide variety of topics. They also tended to value curiosity itself. One Conference Board economist – who had already inquired about the other conversants' answers to a number of my interview questions, asked to see my MSc thesis, and wondered what my PhD research had uncovered thus far – said, in the course of an otherwise unrelated discussion, "the best student in a bad program is still the best student – they'll be curious, have really done well." A professor told me that her trajectory was thanks to a couple of mentors, but mainly "curiosity, networking, and serendipity." Later, when she asked what I had studied prior to the PhD and wondered how I had ended up studying such disparate subjects, I answered, truthfully, "Curiosity." She looked satisfied and said, firmly, "Good. That's my actuation as well." One bank chief economist who had mentioned that he was "very interested" in competency-based outcomes in education, immigration, indigenous issues, and a surprising array of other topics, valued the "eclectic interests" of a fellow economist.

One of my most delightful interviews was with an Oxford-educated professor who pointed to multidisciplinarity as a benefit both of the UK system and of a chair he held at Harvard. He learned most from political scientists rather than economists,

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<sup>152</sup> This professor also said he was "appalled by the lack of written work students have," lamenting that most Canadian universities had eliminated the honours thesis for economics degrees; he felt that writing was essential to policy analysis – so he would "harvest all sorts of complaints" for assigning and correcting essays, a rare example of a professor insisting on doing so.

<sup>153</sup> One of these was a professor who asked, at the beginning of our interview, "You're doing a PhD in economics?" When I responded, "No, in Education," he replied, "Ah, cool! Cool cool cool. This is good." Another example was of a CCPA economist who bought all of the Economic Club of Canada speeches from 1948-1981 from a yard sale; she is reading her way through them all!



engaging with ideas about social capital and wellbeing “rather late in the game,” which “was a big advantage” because you have an open mind and can talk to everyone; “flexibility and openness are absolutely critical,” he said. However, he lamented:

People are more and more compartmentalised, even within subdisciplines [. . .] and that’s a real problem. And a combined problem, a linked problem to that, is fashions. You find the same schools are generating the staff for a whole broad set of universities, and they come along with a groupthink that can be poisonously uniform. So then it can be hard to keep appropriately broad and open in what is taught to students.

The UK system necessitated more classes in economics during his undergraduate years than were typical in Canada, “but I always had interests much broader than what I was studying, whatever it was.” Indeed, in our interview he discussed prison reform, evolutionary biology, child psychology, and much more. Another professor said that during his undergraduate education he “dabbled in history and sociology and a few other things that broadened my education, and I was glad I did that.” Two of three Calgary conversants – one of whom was in the School of Public Policy and the other of whom was in economics – had among the most wide-ranging interests of my conversants. One said he had enrolled in the Chartered Financial Analyst program and declared he “did it partly for fun – it sounds kind of crazy, but if you intend to be an academic you’ll appreciate that.” He added, “As a kind of consumption aspect<sup>154</sup> of your own education, I find I have a pretext for reading philosophy books and science books and I think that continues to interest me.” His colleague’s interests included homelessness, domestic violence, and a variety of other topics, including history, which he reads in his free time. He suspected his colleagues were “bored” and “unhappy” because they fail to collaborate and are not particularly congenial. He was the only one in his department to answer a homelessness research call, which was clearly transformative for him; he was “pretty sure my colleagues thought ‘This isn’t a science issue’” and therefore were uninterested.

A couple of conversants warned of the dangers of a lack of diversity or openness to other disciplines. One conservative academic said that a big department required “an awful lot of diversity if it was going to be doing right by its students.” He also noted that UToronto had divided up the social sciences quite late, in the 1980s, and

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<sup>154</sup> Using the term “consumption aspect” to connote enjoyment of an activity is an amusing example of economist-speak.

that this had marked the beginning of the decline of economic history there, which had been one of their specialties. An IRPP economist observed that people tend to hire people who look and think like them, and that this can contribute to groupthink, but he also noted that the advent of behavioural economics has helped some members of the profession to start to learn about psychology, sociology, and other disciplines.

As a rule, COMER members in my sample were the greatest advocates of multidisciplinary, and among the most intellectually curious and diverse in their interests. As mentioned previously, one held three degrees (including a PhD in Education) in three different areas; another had four degrees, in arts, law, and education; a third had degrees in music (from the Royal Conservatory), education, and filmmaking. Two COMER members dropped out of university but continued to read widely across subjects; one of these, 101 years old when I met him, still played music almost daily and was a plaintiff in a court case against the Canadian government. As a Toronto Star reporter wrote:

He delivered hats off Wall Street during the Crash of '29, sipped coffee with George Orwell on Las Ramblas during the Spanish Civil War and stood guard over Trotsky's corpse in Mexico. He built homes in Toronto, edited his most recent book on economics a few months ago, and now spends his days practising his violin and readying for one final accomplishment[: the COMER court case]. (Popplewell, 2008)

My grandfather, in the same spirit, lived in agricultural communes in Russia, Cuba, and China and read thousands of books in his 30 years of retirement – on subjects as varied as Middle Eastern history and climate change (at the age of 91 he developed a sudden penchant for murder mysteries).<sup>155</sup> One COMER member, a teacher<sup>156</sup> who reads ten books in parallel, told me that “the only real way to make change is through education” and that in all eras, “The arts were thinking about it first

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<sup>155</sup> One of his fellow COMER members in Saskatoon told me about the educational background of the people in their group; one person taught economics at the university, another had a PhD in education, and the rest were professionals but self-taught in economics itself. When I noted that my grandfather would have been the only one who was not highly educated among them and asked how he fit in, she answered, “Your grandfather was very much the spirit of COMER [. . .] after his departure, we shrank.” Educational qualifications did not seem to be a basis for legitimacy within the group, then.

<sup>156</sup> She taught English, Latin, and history (to Inuit children in the North as well as the children of the very wealthy), and served as a guidance counsellor at times in both public and private schools.

– they were thinking, writing, imagining a better world.” She and her colleague created an “innovative Grade 13 course that was multidisciplinary,” an achievement that was clearly a highlight of her career. She later noted that “people from all different disciplines are recognising the relationship between economics and everything else. David Graeber is an anthropologist who wrote a book this thick [about debt].”<sup>157</sup> “Unfortunately the academic world has been dropped into separate silos,” another COMER member told me, adding that history was the most relevant discipline for understanding economics. I interviewed him and another COMER member on the same day, and he brought me materials that his colleague later expressed interest in: “I’d like to have a glance at the end, just in case I haven’t seen it. Good for him.” The second conversant later told me:

I have a *lot* of interests. Monetary reform is probably the major one and has been for a long time. But I have a lot of continuing interest in education in the Commonwealth. Also the undergraduate majors of political science and international studies. [. . .] In retirement I go to a lot of conferences on subjects that I’ve mentioned, including in Japan and Thailand.

A large number of those to whom I spoke displayed considerable curiosity during the interview itself. Seventeen conversants, disproportionately those who worked for think tanks, asked questions about my thesis and/or expressed interest in reading it when I was finished.<sup>158</sup> Twenty-five conversants recommended books to me (although three of these recommended only their own work), and six conversants gave me books or other materials to read (four of these were COMER members, one was a PEF-affiliated economist, and the last was a Conference Board economist). Ten conversants sent me links or materials via email (among this group, a disproportionate number were heterodox or PEF-affiliated economists). Finally, a large number of conversants had studied a subject other than economics for at least a year or two; most of these had studied math, physics, chemistry, engineering, or medicine, but a large number had studied history, political science, and/or philosophy and a couple of people had studied international relations (one even studied English for two years; another had a degree in sociology; and a third had

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<sup>157</sup> As she described her introduction to economics, “In the first year we might as well been at a conference on Mars,” but a mentor with knowledge of the subject helped her through.

<sup>158</sup> One professor, in the fashion of an economist, asked, “So, what is the time horizon for your dissertation?” Another professor said, “I am fascinated in your project – because this is something that needs doing.”

degrees in nursing and public administration). A small number had studied economics-adjacent fields such as finance, commerce, and accounting.

Interestingly, two professors at McGill showed a remarkable degree of unfamiliarity with qualitative research; one of them said, “I don’t know how you convert an interview, with long-winded answers like mine, into – like, how do you systematically analyse interviews, I don’t know. You’ll figure it out.” His colleague, similarly, seemed concerned about how I might go about translating qualitative data into quantitative form, wondering aloud whether and how I might code responses and the like. This was striking as it seemed as though neither of them had spoken to colleagues in the other social sciences – for whom interviewing is a common practice – about their research methods.

Also noteworthy were instances in which conversants mentioned having modified their views on a subject, or having changed their positions entirely. One conversant had been working as an economist on “labour adjustment” following the 1980s recession. After the election of 1988, during which Prime Minister Brian Mulroney promised to keep social programs, the government began to roll back Employment Insurance

... and that’s when I got radicalised. Everything else up until then meant nothing to me particularly, politically. But when I was dealing with the fallout and watching how these changes to a public policy would affect the people who were scrambling to get back into a labour market that had no room for them, I became radicalised. And that’s when I became much more interested in doing public policy work than strictly: what’s the market doing. Just seeing the intersect between public policy and private venture became an abiding interest of mine.

One COMER member (the aforementioned teacher) described a similar moment of political awakening. She spent two years in the High Arctic as a teaching principal, during which time the government recalled the area administrator and in consequence she became increasingly responsible for the function of basic services in the community.<sup>159</sup> When funding for temporary labour was halted, she took a dog team to call her superior from a nursing station, threatening to leave if they failed to restore funding. The weather turned on her return trip and she got lost with the sled dogs for four or five days on the land, “and that was a terrific experience,” she said. Due to that ordeal and others, she “began to be politicised there.”

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<sup>159</sup> “Theoretically I was even the coroner,” she said.

Three of four heterodox academics described particular economics courses that fundamentally changed their view of the discipline and inaugurated their reorientation towards heterodoxy. Another professor described his shift away from the scientific approach to economics and towards a policy-oriented, engineering view: “So that’s how my life has evolved as an economist. I’ve moved away from the science towards the engineering. And of course that’s why I’m now in the School of Public Policy.” A bank chief economist who had been educated in the monetarist tradition said “that didn’t really rub off on me – I think probably it didn’t take that long for me to get out into the working world and drifting towards being a mainstream, conventional economist.” A Conference Board economist said that he used to be more of a “Chicago-style” thinker and is now “more balanced.” Two professors, conversely, described a late-life shift to the right; one said he was not a Real Business Cycle type, but “as I get older I’m much more moving toward the free market side of things,” even though his PhD model had price rigidities and imperfections built into it, which meant there was a role for government.

### Hierarchy

In line with research highlighting the strongly hierarchical character of – and unusual penchant for rankings within – the discipline of economics (Fourcade, 2009; Fourcade et al., 2015), this seems to be largely true for the Canadian case. It is noteworthy, although perhaps unsurprising, that conversants almost universally referred to the top U.S. universities as the “academic lodestar,”<sup>160</sup> with Harvard, MIT, Princeton, Berkeley, Stanford, Chicago, and Yale all viewed as superior to any Canadian economics department. Indeed, the top U.S. departments “kind of dominate the field. [. . .] All things being equal, it’s considered to be more prestigious to get a degree outside Canada,” as one professor put it. Another said they tell their top students “if you can get into a Top Ten school, go.” One bank chief economist said unequivocally, “There’s no MIT or Harvard in Canada,” in part because the difference in funding among Canadian universities is insignificant; Canada’s top universities, he said, were more in line with the U.S.’ second tier. As one IRPP economist put it, “If you’re a good actor, you go to Hollywood,” and any economist’s aspiration is the

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<sup>160</sup> This comment was from a heterodox professor, notably.

“nirvana” of the States. No conversant disputed the superiority of the top U.S. universities, and several brought up this point unprompted.

There was also substantial agreement as to the ranking of the top economics departments in Canada. Eleven conversants listed UBC and UToronto as the best two departments (a professor said, “fairly clearly”), with four listing UBC as the top (“At the moment I would say the best is UBC quite clearly, now,” said one professor; another said, “I think UBC really stands out”). Another believed that UToronto is probably closest to the top-tier U.S. universities and UBC is “trying very hard,” with yet another judging that, for his field (international finance), UToronto was the best.

There was yet more agreement on the top four departments, which “have been the top departments forever;” fully 13 professors and three non-academics concurred. One professor said, “after the top two it’s hard to rank;” it was Queen’s and Western historically, but Queen’s had fallen back in the past 15 years and some good people are nearing retirement, so “it’ll be a struggle to stay in the top 5.” Another professor said, “Queen’s – unionisation has killed that department. They can’t compete for academic economists the way that they used to.” There was the greatest disagreement about Queen’s, in fact; for one bank chief economist, it was the top department, as it was for a McGill professor who had taught there (“I guess Queen’s and UBC are to my mind, with a policy bias, the places where I see the most interesting stuff coming from”), although he also said, “I’m probably somewhat biased.” As a rule, however, as one professor claimed:

Well, the best departments – I don’t think there’s any doubt. Toronto, UBC, Queen’s, Western, and in Montréal it’s hard to tell now. It used to be the University of Montréal for sure. But McGill has really hired some excellent people, so their ranking has gone up. But I still think that neither one of them is in the same camp as the first four I mentioned.

The story seemed to be the *relative* ascendancy of UBC and the relative decline of Queen’s and Western among the top four. As one professor said, “Western Ontario was a powerhouse. It’s no longer a powerhouse. [. . .] They were by far the best department in Canada in the early 80s, and they’ve blown up and rebuilt themselves twice since then, but it’s never getting back to the same level.” Another professor said of Western, “Thirty, forty years ago they were always in the top four. You might not say that now.” A Western professor himself agreed; “Economists like to rank departments, right? That’s usually done on publications, and when I first came here Western was distinctly above the other three places, and that changed over time.” A

bank chief economist, a Western alum, said, “Maybe this is a bias, but I still think Western is up there, but I don’t think it’s as clearly pulled away from the pack as in the past.” Another bank economist pointed to the number of central bankers who had gone to Western, however, so its influence likely is still felt, if less so; a Bank of Canada economist confirmed that Western had been dominant in macroeconomics in the 1970s, 1980s, and 1990s, but not so much now.

UBC, on the other hand, was most commonly referred to as the top department, but often expressed as “is now the top department” or “has become the top department.” Two conversants pointed to factors that would bolster UBC and Toronto in the coming years; one said, “UBC has been extremely successful. The weather and the academic climate both help UBC do their recruiting.” Toronto’s ranking was often viewed as partly “by sheer force of numbers” as the country’s largest economics department, but one professor attributed this success in part to the advantage of being located in Canada’s largest city.

Many conversants, especially professors, noted the relative rise of two French-language universities – UMontréal and Laval – particularly in econometrics. McGill was “viewed as a weaker spot historically” but several mentioned that its relative standing had improved; one professor said, “McGill’s reputation has improved quite a lot in the last 10 years. In fact in some fields like econometrics they’re arguably among the best departments on the continent right now.”<sup>161</sup>

UMontréal came up more frequently as a front-runner, however. One UBC professor praised their econometrics group as “world-class” in “that important niche.” Another professor felt that “English-speaking Canadians probably forget about” the French-speaking universities, which are “more tied in with Europe,” but they are among the best. Yet another professor judged that Montréal is a “strong department” that “has risen a lot,” as has Laval, pointing to the generous funding these institutions receive at the provincial level in addition to their federal allocation. One of the financial journalists ranked UMontréal and Laval alongside UToronto and Queen’s, and a Conference Board economist declared that he predominantly hires from Queen’s and Laval.

Aside from UMontréal and McGill, McMaster, UCalgary, and Alberta were most commonly listed among top departments, with 5 or 6 mentions each. One professor

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<sup>161</sup> One UMontréal professor laughed, saying that he thought they would continue to move up the rankings “partly by stealing some of our people.”

said McMaster had improved, another believed it had slipped, and a further three professors specifically put it in fifth place, just behind the top four. Laval received four mentions, while the common view seemed to be that “Alberta’s star has also risen. In terms of rigour, certainly in terms of funding,” as one professor put it; some said that this was true in terms of specific specialties – one specifically mentioned that “Calgary is getting better in behavioural economics.” A Conference Board economist joked that UCalgary “smells like money.”

SFU received three positive mentions – a fourth commented that “SFU is big” but that the “lastingness” of its research “is not commensurate with the size of the place.” Three universities received two mentions each: Dalhousie,<sup>162</sup> Ottawa, and Guelph. Carleton, Waterloo, and the Victoria all received a single mention; each of these three was deemed to have improved of late.

Among private sector economists, the perspective was somewhat different. For one thing, these economists were all based in the East, where the major banks, the Bank of Canada, and federal government departments are located, so they tended to overlook the Western universities – even UBC, arguably the top department. An exception to this rule was the Bank of Canada; a quarter to a third of their fellowships go to UBC, said one Bank conversant, who went on to suggest that “the school [a potential employee attended] has a limited impact” but that it was exceptional for someone to come from anywhere other than the top five or six universities. One bank chief economist said that almost all of those they hire come from one of the top departments, but that there is a bias in favour of hiring people from your own institution; they will “give the same answer you had.” A Conference Board economist made a similar point, saying, “you tend to use your networks” for hiring, and that the concentrations of graduates from the same schools is partly due to this.

A second Conference Board economist replied that he prefers to hire Master’s graduates because they are “more malleable” and team players. He went on to point out that “it’s kind of hard to find a bad undergrad in Canada. I think the standard for undergrad training in the country is actually remarkably uniform and high,” and that he would hire from pretty much any undergraduate program.<sup>163</sup> A bank chief

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<sup>162</sup> Dalhousie was given particular kudos in both cases; one of my most conservative academic conversants said, “I tend not to be as progressive as the people at Dalhousie, but I think they do good work. It’s always worth reading.”

<sup>163</sup> He added that he would expect Master’s degree-holders to have attended a top-tier graduate programme, however.



economist concurred, pointing out that in OECD education rankings, Canada comes in the “top of the pack” and has excellent universities. Another bank chief economist said that there was not much of a gap among the top departments, and that if you do a PhD at one of these, you still need to find a way to stand out because there is none of the automatic prestige that comes from holding a degree from Harvard, for example.

A few professors declined to rank their own institutions, while some from the top institutions politely listed their own department last within its class.<sup>164</sup> One aspirational UMontréal professor listed his university right after the top four (“People talk about the top five”), while his colleague said, “I’m hoping here” (UMontréal) would be listed among the departments in the “second tier, below UBC and Toronto.”

These conversants were not alone in this tendency. One McGill professor focused on the undergraduate level, where McGill ranks higher, saying, “at the undergraduate level there are several departments which are equally good [. . .] I would rank McGill at the top.” A bank chief economist, a Queen’s alum, said that they had been in the top place, although not since the mid-1990s. A current Queen’s professor said, “We would like to say UBC and Queen’s are the best” for graduate school and especially placement of graduates, and a Calgary professor commented, “I know the Calgary School of Public Policy is very influential.” As above, one Toronto professor said, “I know in the fields I’m involved in, all the good people are around here.”

That same professor had earlier said, however: “I’ve never really thought of ranking [the departments],” and several other professors, similarly, had not thought much about ranking or were actively opposed to the practice. One professor simply stated, “I would say I don’t know,” and that she does not follow rankings closely, although she was at a top-ranked department; “My flair is for policy; it’s not for mathematical economics,” she said, perhaps implying that rankings are more likely to take the latter into account more than the former. One Conference Board economist simply refused to answer, saying, “I’ll pass on that one [. . .] I’m not going to name names.”

Others simply thought ranking irrelevant; one C.D. Howe conversant said that in hiring “we’re not looking for any particular institutional background.” This contrasted with the economists involved in hiring above who did tend to hire from the top

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<sup>164</sup> For example, one UBC professor listed UBC after Toronto, while a Western professor listed Western last among the top four.

departments. Another bank chief economist said that it is “what they build on top of [their education]” and most people need to be “retooled” once they arrive at the bank anyway. A PEF economist said, “Well, there’s certainly a ‘respected’ totem pole. [. . .] I don’t pay much attention to that. I do pay attention to places where you have diversity of thought.”

A few conversants took issue with the very idea of ranking. One professor argued that big departments “have an innate advantage” and that rankings discriminate against young departments because they tally articles, citations, and downloads. Rankings “do more or less confirm your prejudices,” he said. A bank chief economist said, “We’re blessed with a number of very good universities, so I don’t tend to look at where people come from. Part of that is just conscious – I try not to – we all have biases [. . .] and you want to be as open-minded as you can. [. . .] I don’t think I’d get into that ranking game.”<sup>165</sup>

Finally, one McGill professor expressed particularly vehement opposition. Earlier in the interview, he had said, somewhat insistently, “McGill will be higher-ranked than McGill’s economics department. It’ll be number *one*; the economics department will be seven, right, or some number like that.” When I asked later which departments he thought were the best, he seemed rather offended, saying, “I wouldn’t even try [to rank them].<sup>166</sup> I think it’s a stupid exercise. [. . .] For people who are simple in that regard, they can rank.” He went on to say that he liked Maclean’s rankings<sup>167</sup> because, he declared, they are for students, and there is evidence that they influence applications:

So I understand that exercise. What I don’t understand – or what I don’t care about – is, let’s rank McGill’s economics department, and rank it against Toronto and UBC and Queen’s, and then I say, what are we doing? Is it just this kind of macho – is that what we’re trying to do? [. . .] So I’m pretty convinced that we, as a society, spend too much money, too many resources, too much time, on ranking exercises, and not enough on simply saying: let’s just get better.

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<sup>165</sup> He also told the story of a Toronto instructor who told his class of graduate students that those who had not attended a top undergraduate institution did not matter; this had clearly upset him, as he had not attended a top-ranked school.

<sup>166</sup> Even though he had just pinpointed McGill’s exact ranking, overall and among economics departments specifically!

<sup>167</sup> Maclean’s rankings are for universities as a whole, which would benefit his economics department; McGill would rank lower among other economics departments than it would relative to other Canadian universities overall.

Outside of the academy the hierarchy was, if anything, yet clearer. There was universal agreement among conversants that the C.D. Howe Institute was the most influential think tank in the country, prompting comments such as, “Within Canada I’d say the C.D. Howe certainly is the gold standard,” and its influence was obvious to supporters and critics alike. Several conversants pointed to the profound links between the Institute and the Bank of Canada, whose former Governors are almost all C.D. Howe affiliates in some form.

In the private sector, it was evident that the big banks’ chief economists have a significant amount of influence, although one conversant said, “I don’t know how much sway any of the bank economists would have because they really don’t get into a lot of policy prescription.” Others seemed to believe that their voices were heard at the national level, however, and one financial journalist admitted that she had almost exclusively quoted Bay Street bank economists before later attempting to diversify to academics and others. A CCPA conversant pointed out that there used to be economics departments in businesses, and now that is only true mainly of the big banks, which are paid for media appearances and appeared to be listened to more than the think tanks. Another financial journalist said that the bank economists’ views tend to align “remarkably” with “whatever the bank’s best interests are,” although many conversants in the sector maintained that they were given free rein and that “what’s good for Canada is good for the bank,” thus reducing conflicts of interest. Bias aside, one heterodox academic professor said, “I think all these economists working for banks do have influence.”

### *Departments’ Political Orientations*

Some interesting trends emerged in contrasting economists’ strict hierarchical rankings of Canadian economics departments with their views of the political leanings of those same departments. First, it was clear that Western, historically, had been the most conservative, monetarist, and/or freshwater economics department in the country, and for some this reputation persisted; one bank chief economist said, “There was this idea that Western was the Chicago of Canada.” A colleague concurred, “Oh, for sure. Western had a very strong reputation as being a [. . .] generally hard-line monetarist school.” A mainstream professor agreed; “Western is certainly right-

of-centre.” A total of sixteen conversants identified Western as Canada’s closest cousin to the Chicago School historically, while eight of these thought it still was.

In comparison, only two people specifically listed Calgary as a right-wing pole within Canadian economics; one IRPP economist said that the Calgary School of Public Policy would be Canada’s Chicago if he had to choose, and that it lines up with C.D. Howe. “In terms of ideological leanings they’re right, they’re right of centre and [. . .] I don’t think anyone would disagree with that, I mean the one guy [Jack Mintz] was the president [of the C.D. Howe Institute], went to the other place [Calgary].” Two professors and a Fraser Institute economist pointed to SFU as having been more right-wing historically; one of these professors, now at SFU himself, felt that it used to be right-wing but “most of them weren’t that good anyway.”<sup>168</sup> Upon reflection, however, this conversant judged that the department was “pretty middle of the road” but with “perhaps a little more heterogeneity than is typical, higher variance within the department.” A colleague at Queen’s concurred, saying, “they have the most right-wing person in the discipline there,” but also people who are more left-wing than at Queen’s. His colleague mentioned that there had been a few Marxists there some years ago, lending credence to the impression of heterogeneity within the department. One professor noted that most York economists are to the right of the profession,<sup>169</sup> but that York as a whole is more to the left. Finally, a heterodox professor referred to UMontréal in the 1970s as a “satellite” of Chicago.

Aside from these comments, Western was clearly viewed as Canada’s Chicago School, or at least its former Chicago School. It is worth examining the historical development of Western as a “hotbed of monetary policy analysis, both theoretical and practical” with major advisory functions for the Bank of Canada and C.D. Howe, as an economist from the latter put it. One mainstream professor noted that there has “traditionally been strong ties between Chicago and Western,” as was confirmed by two Western conversants, the first of whom was one of the stars around whom Western had built the department in the mid-1970s. This conversant, prior to coming to Western, “was at Chicago at a very special time. [. . .] This was when Milton Friedman was just emerging from being regarded as a raving lunatic.” The free-market, monetarist ethos there had taken hold at a few other U.S. universities as well,

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<sup>168</sup> He mentioned one individual he believed had been good in the 1970s, “although he went insane later.”

<sup>169</sup> Excepting heterodox professor John Smithin and a couple of others, these were generally professors with cross-postings in other departments.

and it was from these schools that Western recruited. Unlike UToronto, Western's economics department split off from the other social sciences 50 years ago, and by the early 1980s it comprised 50 faculty members, a large cadre of economists by Canadian standards. My conversant, a monetarist himself, felt that a big department in a small country needed "an awful lot of diversity if it was going to be doing right by its students" – not like the U.S., where there are many departments with diversity mainly in interdepartmental (as opposed to intradepartmental) form – but that Western never succeeded in becoming particularly diverse; "Western is very very freshwater, very market-oriented in its outlook." When I asked whether that was true now, he said, "Oh, yeah. If you see where the PhDs come from, they come from Chicago and Minnesota, Rochester and so on."

His colleague at Western concurred; "We're very much in the freshwater zone." However, he continued:

The department has become less conservative over time. I've been here 37 years, and when I first came it was really distinctly a small-c conservative place and then just over time because no one was particularly paying attention – certainly no one was hiring on the basis of people's political outlook – and what happened over time is just people arrived who were, in U.S. terms, they were Democrats rather than Republicans, so the centre of gravity has shifted.

One heterodox conversant remarked upon a shift among central bankers who are Western graduates,<sup>170</sup> noting that the views of current Bank of Canada Governor Stephen Poloz now diverge quite markedly from the standard monetarist view, probably due to experience. Similarly, Deputy Governors have begun expressing opinions that would have been unusual before the financial crisis, he said, such as the view that low interest rates are not a panacea – instead, you may end up encouraging speculation, which breeds instability. Pre-crisis, low interest rates were viewed as stable and raising interest rates was not thought to have a long-term effect on the economy, but this has changed – they now say that long-run potential output is affected and that supply factors influence the rate of labour productivity growth. This view, that short-term policies and events affect the long-term, is something Post-Keynesians have believed for a long time, this conversant said, but only recently have central bankers – disproportionately products of Western – begun to agree.

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<sup>170</sup> Western graduates account for a significant proportion of Canadian central bankers; half of the current Governing Council attended Western (Parkinson, 2014).

Interestingly, a Bank of Canada conversant appeared to think that the freshwater orientation persisted across the country, saying, “I think in Canada, the current generation are pretty much all freshwater.” He offered the example of the Carleton macroeconomics study group, which he judged to be basically all Real Business Cycle – “Being from MIT, I was kind of the exception.” His view of how it came to be that way highlighted Western’s role: “Partly it was Western, Ontario, University of Western Ontario, and that for many years was the strongest department in the field of macroeconomics.” Many Western graduates spread out across the country, which created a “critical mass” in the profession. A mainstream economist agreed, “Yeah, the dominant school of thought is the standard efficient markets kind of hypothesis. That’s largely what macroeconomics teaches.” A Conference Board economist noted that “McGill was one of the few post-Keynesian places in North America” when he was there, a rarity in the profession.

Another Conference Board conversant suggested that this trend was, if anything, intensifying; “I kid the youths that come in here – the new economists – about their being very capitalistic, some of them. [. . .] Most of the schools are quite laissez-faire, let’s say, Chicago School-style thinking.” A heterodox academic economist made a related comment: “I think the people who are most friendly to heterodox ideas now are the older people. Like Richard Lipsey. [. . .] If I listen to him, there is a lot I would agree with.” Older mainstream economists, he said, were “not hardliners” and “not dogmatic” compared to many of their younger colleagues.

This is not how a Fraser Institute economist saw it, however; he said, “in the profession Keynes is still dominant.” A left-leaning UBC professor agreed, “Well, broadly speaking, I think the rest of the world regards saltwater as mainstream. [. . .] Among my European colleagues they often regarded the U.S. as a strange place, and still do.”

Several other conversants contrasted Canada with the U.S., mainly in terms of polarisation or variation. One professor said, “The U.S. is, I would say, more polarised and more politicised.” Three professors used the same phrase, referring to Canada’s economics departments as “more homogeneous” than in the U.S. Another professor said, “We have a kind of consensus here, which basically means that we don’t get the extremes that the U.S. has. We don’t have a conservative extreme especially. [. . .] The Conservative Party here is not like the Republican Party. It’s much more centrist.” When asked whether there were departments that deviated from the norm, one

professor said, “The boring norm? Not so much;” there was no “strong ideological stamp” on departments. “I don’t think there’s anything like what there is in the U.S.,” said one professor; “the departments as a whole are fairly balanced.” “I think it’s easy to have that kind of polarity in the U.S.,” said another professor, because they have so many schools; “maybe Canadians are less ideological in that sense,” although he thought that even in the U.S. the polarisation had lessened due to the shift to empirical work across the profession: “My guess is the Friedman years are behind us.”

Many of these professors seemed to approve of the fact that Canadian economics departments were less polarised, or at least they did not view it negatively. One bank chief economist said, neutrally, that there was not much difference among departments in Canada, at least through the Master’s level; they are “fairly uniform” and the curricula “tend to be fairly similar.” A professor said in partial explanation, “Well, they’re all state-financed” in Canada; “none of them is particularly rich.” However, one PEF-affiliated economist viewed Canada’s homogeneity as problematic, saying:

It’s not a coincidence I did both my graduate degrees outside of Canada – there isn’t a lot of diversity in Canada. If anything, even though our political discourse in Canada is more open, I think, than certainly it is in America and maybe than it is in Britain, the way our universities are structured is such that almost all the departments are homogenous mainstream departments.

For some mainstream or right-of-centre economists, their lack of concern over this homogeneity may have been in part due to the perception that Canada was “less ideological” – as one C.D. Howe conversant said, “I wouldn’t say there’s very obvious colourations to the economics departments when it comes to ideological points of view.” He said that Canada had several “large, diverse economics departments” and seemed to suggest that the variation was simply intra- rather than inter-departmental. Another right-of-professor appeared to agree with the latter point; when asked whether departments had an ideological slant in Canada, he said:

I don’t think so. But it raises a good question; I hope your thesis will tell us why. I don’t think there are big differences of doctrine across departments. I think within departments there’s a wide range of opinion. But is there a department in Canada that is our equivalent of the Chicago School? I don’t think so.

In all, a large number of conversants – 20 altogether – concurred with the view that there were no significant political or ideological differences among departments, and many of these did not see a split within departments either.

Two professors objected to the very concept of ideological departments. One thought the saltwater/freshwater divide “is a macro thing” and that people with a background in engineering, math, and physics “take economics courses that are mainly math – they don’t necessarily have any ideological commitments to various points of view.” Due to changes in data collection and methodology, she continued, “I’d say economics in general is less ideological than it used to be.” Another professor concurred; “Nobody sees their research as being ideologically driven. It’s just a set of logical reasonings that should be confronted with the data.”

Two conversants observed more of a difference in the business community; one bank chief economist said that economists “tend to differentiate more in the business schools.” Oddly, a heterodox economist registered less mainstream thinking outside of academia:

[In the private sector] probably the majority are not mainstream. Certainly a lot that I’ve met. Where do they dominate? Well, academia, which is subsidised by the state primarily, in our case, and guess where else? Government, Bank of Canada, all these places. They dominate there. Not everyone who works for the Department of Finance is mainstream. But the vast majority of the people they hire there tend to be. [. . .] It’s ironic; they celebrate the virtues of the market, but the only reason why these guys are able to dominate in the profession is *because of government*.

In general the heterodox economists felt keenly the loss of heterodoxy in economics departments in the past 30 years. One professor described the gradual homogenisation of the profession thus:

I would never be hired at the University of Ottawa today. [. . .] [two of my other heterodox conversants] would never be hired today. [. . .] At Harvard 40 years ago they hired a Marxist, but they wouldn’t do that today. [. . .] There was a time when departments were more open, more interested in debate. The whole concept of debate has vanished in economics.

Another heterodox professor told me as preamble, “you have to understand, in economics orthodox programs are more or less everything.” As exceptions he pointed to the PEF and “there’s a group of quite interesting Post-Keynesians in Canada” along with a few heterodox professors at the University of Manitoba and in Political Science at York, but little else.



A heterodox colleague said, “Well, it depends what you call a range. Within neoclassical economics you have new classical economics and New Keynesian economics, so the people who are in macroeconomics in the mainstream would say yeah, there is a variety of views. [. . .] From our standpoint, they start from the same assumptions; they just make a few modifications.”<sup>171</sup> He pointed to heterodox economists at Manitoba, Laurentian, and York, and “a few [individual economists] here and there” including in large departments like Toronto; there, he said, they will often be found in history of economic thought or fields unrelated to micro or macro theory. Another heterodox economist said, “In Canada I’d say it’s more homogeneous. There are a few places that are known as more heterodox” – Laurentian, Ottawa (with only two heterodox economists, but “they really pack a punch”), and Manitoba (“but they’re getting completely silenced now,” for which the CAUT sanctioned the university). A PEF-affiliated economist noted the conflict at Manitoba (“that’s a significant blow to the constellation of heterodox thinkers”), which “has a heterodox tradition, and the department until recently embraced the idea of a diversity of thought that was being presented there.”<sup>172</sup> He also mentioned two non-economics departments with heterodox teachings (York and Carleton) and two economics departments with a few heterodox members (Ottawa and Laurentian).

Some mainstream economists named a number of departments with heterodox economists. Two mentioned Ottawa – one said it and Laurentian have “more Marxist-type economists” and that they are “outside the general orthodoxy. I think they’d say yes, they’re heterodox.” One mildly left-leaning economist spoke of heterodoxy as a sort of Marxism, saying that Saskatchewan has some Marxists, SFU used to have a few, and Dalhousie may as well. Finally, a left-leaning professor said, “University of Manitoba prides itself on being more heterodox. [. . .] I think what they really mean is low-productivity.”

It was noteworthy that none of the heterodox academic economists mentioned Dalhousie, although one PEF-affiliated economist noted their department “has some open-minded people.” Four mainstream economists identified Dalhousie as being on

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<sup>171</sup> Interestingly, he said that in terms of policy prescriptions in the short-term, Post-Keynesians and New Keynesians would agree (e.g. what to do in a recession), and that “in the long run the New Keynesians are similar to the neoclassicals.”

<sup>172</sup> Now that they are considering splitting off the heterodox part of the department, he feared that it “as you could imagine is likely to become a poor cousin and perhaps eventually abolished. That exact same thing happened to another heterodox department in the States, at Notre Dame.”

the left; one said, “The best-known department that fits that stance is probably Dalhousie” and another said that a couple of Dalhousie economists who “think of themselves as mainstream” he would see as being on the left.

Much more common among the mainstream economists was to view some of the larger, higher-ranked departments as having mild ideological slants. “Queen’s is viewed maybe as a little bit left-of-centre, on average,” said one Queen’s professor; a UBC colleague commented that “Queen’s would be much more like Harvard, MIT,” a bank chief economist thought it was on the Keynesian end of the spectrum, and a Western professor said “Oh, and Queen’s was rather Harvard-ish as well.”<sup>173</sup> Mainly, however, conversants noted Queen’s’ connections to Ottawa, specifically, and its focus on policy issues more generally – one C.D. Howe conversant said it was “practical,” policy-oriented, and “very applied,” preparing him for the “real world.”<sup>174</sup>

Aside from one heterodox professor who viewed Toronto as somewhat right-wing, as Canada’s largest economics department there was much more the sense that it was either “very mainstream” or centrist (the view of three conversants) or that it “is big, so it always had a variety of people,” as one professor put it; two other conversants shared this view. Three conversants felt Toronto was mildly Keynesian or saltwater – “Toronto was a very Harvard-looking place for a long time; that was my impression,” commented one professor, although he was right-leaning himself. He went on to say that Toronto divided up the social sciences late, in the 1980s, and that economic history – a Toronto specialty – went into decline then. Indeed, one bank chief economist chose to study there in the 1980s because of its political economy focus relative to other departments.

McGill’s formerly split department came up thrice; one professor there said, “we had a local schism, but I don’t think that was typical,” and another two economists referred to it as Post-Keynesian or a bit less Chicago-style. As McGill has risen up the ranks, however, it may have lost the variation it formerly had; one heterodox economist viewed its current orientation as right-wing.

This conversant also viewed UBC as right-wing, but of the highly-ranked departments it was most often viewed as somewhat progressive or left-of-centre; four mainstream economists concurred on this point, with assessments such as, “UBC is, I would say, like Queen’s – maybe even a little bit slightly to the left of Queen’s” and

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<sup>173</sup> These conversants viewed Queen’s as saltwater or somewhat left-leaning, in other words.

<sup>174</sup> One bank chief economist said it was “mathematical,” however.

"There have been times where UBC has been the Berkeley – maybe not as extreme." In observing that Calgary leaned conservative and UBC leaned progressive, one professor wondered whether "location might be correlated – I didn't think about that." One professor felt UBC was mainstream; another said that "UBC isn't focused on Ottawa," partly due to geography and the "idiosyncratic history of the place;" one Fraser Institute conversant believed they were heterogeneous due to their size; and a right-wing professor said that "UBC has been very eclectic and very successful."

### *Economics Education in Canada, the U.S., and the UK*

A large contingent of conversants felt that economics education everywhere was similar in character – in North America, certainly, but even globally. "There's really no significant difference at the undergraduate level," said one professor, and the textbooks are the same; another professor said, "My sense is the programs in North America have converged. [. . .] My sense is that a PhD is a pretty similar beast." Yet another professor agreed, "it's identical" except from the fact that students can take a separate Master's degree in Canada.<sup>175</sup> "The Western world is similar," said another professor, and a colleague elaborated:

There's no difference. [. . .] That's kind of a feature of economics, of this field, is that, again, everyone accepts these tools and everyone is fairly uniform. Again, it's the closest to a hard science, like physics. There won't be a big difference between Canada, U.S., Europe – economics is about the same.

Yet another professor said:

Economics as opposed to many other disciplines is very global. It's also very homogeneous, in a sense. So there's one big model – supply and demand, essentially. There used to be a big difference between, say, market economics and more socialist economics or whatever. But this has really disappeared. So it's a very homogeneous subject. So where you go in the world doesn't make that much difference in terms of analytical tools and methods.

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<sup>175</sup> In the U.S., said one professor, you receive a Master's degree "only as a consolation prize." A Bank of Canada conversant said, more bluntly, that in the U.S. "F equals MA." He went on to say that in Canada there is a "market-driven demand for Master's students" including at the Bank of Canada, but the Federal Reserve in the U.S. hires very few (95% have PhDs). He thought it might be because there is more competition there, or perhaps because the relative lack of required economics classes in U.S. undergraduate degrees makes people feel a PhD is necessary.

He cited one exception, however; “So macro is a big area where there are these factions that don’t talk too much to each other.” One CCPA economist noted the Anglo world’s dominance in the profession and the absence of heterodoxy in that sphere: “The heterodox school is very fringe in the English-speaking world.”

Another professor said of methods in economics, “Oh, I imagine they’re the same,” and that there has been a diffusion of the U.S. approach to Canada. “I’d say the emphasis on mathematical economics is the same here – maybe a little more gung-ho here – so it’s hard to get young economists interested in policy” because of difficulties with advancement in the field and the de facto requirement that publications focus on math, she said. This was notable in the context of several remarks about many Québécois universities’ focus on mathematics and “world-class” work in econometrics, and also in relation to one heterodox professor’s comment that “in France it’s more abstract,” and that that might be why there are more complaints from students. If the Francophone approach has had an effect on the Canadian economics community in particular ways, the focus on mathematics and econometrics (even relative to a generally mathematised field) may be one.

One professor who studied in the U.S. said that the good Canadian and American schools all teach mainstream neoclassical economics, and that “I think by and large the departments in Canada that were aspiring to do well were aspiring to imitate the top five or top ten U.S. departments.”<sup>176</sup> There had been much interchange from the 1950s and 1960s onwards as he and many other economists went to the U.S. for graduate school and subsequently returned to Canada. The U.S. has traditionally had much more influence on Canada than the UK, he said, but McGill,<sup>177</sup> Toronto, and Dalhousie had strong UK connections because of the well-known Canadian economist Harry Johnson and other links. After World War II, UK trade declined and the U.S. was booming, so Canada turned to the latter more generally; economics was no exception.<sup>178</sup>

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<sup>176</sup> As another professor put it, “we’re very tied into the U.S. hierarchy.” As above, another professor said, “All things being equal, it’s considered to be more prestigious to get a degree outside Canada.”

<sup>177</sup> Some people at McGill had ties to the UK Cambridge and took their side in the Cambridge Controversies, he added.

<sup>178</sup> One effect that persisted from the earlier UK influence was, according to one bank chief economist, that former British colonies as a group tend to be good at maintaining data.

Several conversants made the point that, on average, Canadian economists tend to be more interested in international trade than their American (and often British) counterparts; one professor said that the U.S. did not trade much until the 1970s whereas “Canada always traded.” “The fact that Canada is a small open economy has forced us to think about the linkages between macro and micro, industrial structure, trade, foreign investment,” said a Conference Board economist; a professor agreed: “In Canada it’s kind of hard not to think about open economy issues, whereas in the U.S. you can; at least when I was a graduate student there, you could ignore the rest of the world.” Yet another professor concurred, “Canada is a small open economy” as opposed to the U.S. and “Little England” and “we are very vulnerable to the cold winds of economic forces from outside, so many many Canadians end up taking international perspectives on things.” For example, Nobel Prize-winner Bob Mundell’s work concerned “monetary economics in an open economy – exchange rates matter,” and this he “owes to his roots in Canada.”

Another professor who completed a PhD in the U.S. noted that there it was “much more competitive, particularly at the top schools. And that means there’s less cooperation among your colleagues. And that’s something I never really felt in Canada;” there is “very little jealousy, I’ve found, in Canada.” One British-born professor remarked upon the social aspects of economics departments in the U.S. as well, saying, “I found Berkeley very unfriendly.”<sup>179</sup>

He also noticed a narrowing of the field in North America. He had studied quite a bit of economic thought as a student in the UK, and a colleague at Berkeley laughed at him for writing a paper in that subfield. He also claimed that “North America is truncated, because Joe McCarthy and his buddies did a really good number on the left-wing tradition in the social sciences in North America.”<sup>180</sup> He mentioned the example of the University of Illinois, which had housed one of the best economics departments in the 1940s and whose older professors had been able to dispatch their younger colleagues because of the latter’s leftist political leanings. The department never really recovered, he maintained. As a further example he added that Canadian economist Lorie Tarshis’ Keynesian textbook was banned in many universities and

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<sup>179</sup> He went on to say, “It’s no wonder the students tried to burn the place down. Absolutely right.”

<sup>180</sup> Keep in mind that this was a conservative monetarist professor saying this, which bolsters another professor’s contention that some of the older generation of economists had a greater tolerance for alternative viewpoints in the profession.

did not go into a second printing. This sort of thing did not happen in the UK in the same way.<sup>181</sup> When I asked whether the economics profession in Canada was diverse, however, he said, “Oh, I think the diversity is here in Canada.” But he went on to say that “American literature dominates economics literature – that’s because there’s so many of them, apart from anything else” and that it is probably the same with physics, but when discussing policy American debates may not be applicable elsewhere. Academics get more credit in the rankings for articles in leading American journals, which is another issue for Canada-specific policy. Another professor agreed, saying that researching Canada “is not something I would recommend for anyone earlier on in their career” as is not rewarded.<sup>182</sup>

Of those who felt there was a difference between the U.S. and Canada, many referred again to the relative lack of polarisation among Canadian economics departments, saying that Canada’s economics community – and political environment more generally – was “more homogeneous” and “less polarised” than in the U.S. As one professor said, “I don’t think the divisions are anywhere near as distinct in Canada, which in a way it sort of mirrors the political culture in Canada – fortunately we don’t have the extremes and the level of confrontation that you see in the U.S. at the moment.” This was often viewed as a function of the relative truncation of the political spectrum and leftward-leaning political culture in Canada relative to the U.S.; one professor said, “I think our Conservative tail is less extreme than in the U.S. – I mean, their whole political distribution is to the right,” and another said Canada was a “slightly more socialist country.” Another professor thought Canadian economists were less doctrinaire than their U.S. brethren; even those who emigrate to the U.S. are still viewed as at least centre or left-of-centre there, he said, and he could not think of any right-wing Canadian émigré economists. “Canadians are a bit more middle-of-the-

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<sup>181</sup> Three other conversants also had the sense that the UK’s economists are, as one professor put it, “more willing to have arguments with one another, agree to disagree” than their North American counterparts. When it comes to economic thought, said one COMER, the UK is a “more pluralistic society than here.” Another professor thought UK economists, on average, may be a bit “less technical” and “a bit more open to competing perspectives.” The economic discourse in Canada and the UK was generally viewed as more civil than in the U.S., but perhaps in the context of more variety in the UK and more homogeneity in Canada.

<sup>182</sup> Economics departments in Canada could agree to collectively boost the ranking of the Canadian Journal of Economics in terms of their internal hiring decisions. If they did this all at once, the expectation of the quality of the journal would improve, which could in turn affect the actual quality of the journal – these rankings are, in many ways, as self-fulfilling as many other aspects of finance/economics.

road between Keynesian and neoclassical” relative to the U.S., agreed another professor; “As right-wing as Harper is, he’s still left-wing relative to the U.S.”

One bank chief economist agreed. “I actually think Canadians have a very different political attitude than Americans do.” He spoke of the healthcare debate in the U.S. and how “although they wouldn’t say it,” the crux of it was that people did not want to pay for other people’s coverage. “In Canada it’s unquestioned that, no, you pay for that other person’s healthcare, and you will do so without complaint.” He watched someone on American television complain about Obamacare and the challenge of making ends meet on an annual income of \$500,000, “and I happen to work in an industry where there are a lot of these people. And they may gripe among themselves or this and that, but *no one* would go on TV saying ‘you’re killing the job-creators.’” In Canada “there’s a level of understanding that governments are going to make some policies that are going to help people who are poorer than you and you may not like it, but you’re going to lump it quietly. You’re going to recognise that that’s the way it goes.” Is that decorum, I asked, or a different attitude towards taxes? “I think it’s a different attitude towards the role that government has to play to support the people who are the least well-off,” he responded.<sup>183</sup> He went on to say:

If a Canadian politician spoke like any of those people [running for the Republican primary], their political career would be over. [. . .] And they’ve got a whole party saying those things. So there is definitely a different political spectrum here. [. . .] Even among the economists, who would tend to be, I would say, on average, more right-wing than left-wing, among bank economists – just the nature of the beast – although I consider myself a centrist, and some of them are too, but even then they wouldn’t be as right-wing as some of the clients they would have to go meet in Texas.

There seemed to be general agreement among conversants about the difference in political spectra in Canada and the U.S., and several others echoed this bank economist’s point about the role of government. One professor said, “I think there is a general view among Canadians that there’s more collectivism, in our thinking about

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<sup>183</sup> He added that he thought part of the issue in the U.S. is race-based, that people do not want to pay for a black person’s healthcare; “they’re not feeling an affinity, that we’re all in this together.” He thinks Canadians do not picture a particular race or identity when they think of paying for someone else’s healthcare – they think of a poorer region of Canada.

policy and what's appropriate for government, than there is in the States."<sup>184</sup> Another professor elaborated:

American ones are funny. It's such a different system in the U.S. [. . .] Maybe it's the recognition in Canada, just in broad terms, there's more of an acceptance among economists that there is an important role for government to play. And the science of economics says yeah, there's an important role for government to play; no one should ever deny that. Government has very important roles to play. The question is to maximise what it does well and minimise what it does badly. I think there's a lot of economists in the States that tend to forget that basic, really fundamental theorem of economics – that there is in fact a role for government. [. . .] To pretend that you could have some sort of well-functioning society without some redistribution of income is just beyond me.<sup>185</sup>

A bank chief economist agreed that in the U.S. "some things are more extreme from a tax policy perspective;" they pay more for healthcare, for example, but "do[n't] have full coverage." He said he meets with clients in the U.S. "and you say, there are some solutions here, and they call you a socialist from Canada who likes high taxes." One professor pointed out that the UK and Europe are "more sympathetic to egalitarian" beliefs than the U.S. as well, and that "the U.S. has always been the odd man out on many things."

Aside from the commentary on political differences between Canada and the U.S. and the implication, either stated or implied, that these differences extended to economists, most conversants pointed to relatively minor variations in economics education between the two countries. One difference was that a U.S. liberal arts education requires fewer economics courses in an economics undergraduate degree relative to Canada; one bank chief economist said that when he arrived at Harvard for his PhD, even with a 3-year undergraduate degree he was around the middle of the class in terms of preparation. A professor who attended MIT for his PhD was told he could skip several microeconomics courses as he had already covered the material during his undergraduate program; this was true for another professor who attended Harvard. A professor with a PhD from Stanford said that a Canadian economics B.A. was "much better preparation" than its U.S. equivalent. Yet another professor, this one with a PhD from Harvard, said, "The way economics is taught in Canada, and

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<sup>184</sup> He went on to say, "And I'm not sure how to quantify that difference – I'm sure it has been quantified, in surveys." These sorts of comments – attempts to quantify or measure statements when asked to share their own personal opinions – were common among the economists I spoke with.

<sup>185</sup> It is worth noting that he was among the small group of professors affiliated with the Fraser Institute, arguably Canada's most right-wing think tank.



probably in Britain, is very different than the way it's taught in the United States," because the U.S. liberal arts training included six economics courses, perhaps, relative to more like twelve at UToronto – and economic history and history of economic thought were both required courses in the latter.

Indeed, a further two professors claimed that Canada fell between the U.S. and the UK in terms of economics preparation at the undergraduate level. In the UK students "had an MA by American standards" by the end of their undergraduate course, said one academic; Canada was behind the UK and Australia in terms of preparation, but ahead of the U.S. Another professor concurred with that view, adding that at the London School of Economics (LSE) "all they take is economics" and it was quite advanced, using textbooks you would see in graduate school in North America.

A surprising number of my conversants had in fact attended LSE at some point – eight in all (two at the undergraduate level, six as Master's students, and two – one of whom continued on from her Master's – at the doctoral level). One professor who enrolled at the LSE in 1973 said "There were significant connections with the UK at that time" in Canada and described LSE professors as right-wing but the students as the opposite; "you could be whatever flavour of left-wing you wanted to be, but if you weren't left-wing you just kept quiet about that."<sup>186</sup>

A Bank of Canada economist who studied at the LSE and Toronto said they both taught a "very mainstream kind of economics." However:

In North America, the training is largely focused on efficiency. We never talk about equity, or very rarely do we talk about equity, unless you take a welfare economics course. Whereas when I went to the LSE, more people talked about the equity-efficiency trade-off. And that was eye-opening for me, because I never got that as an undergrad at U of T,<sup>187</sup> and even when I was at MIT, the equity-efficiency trade-off [wasn't very] prominent.

That was the major substantive difference between the UK and North America, he felt. As a central banker, he noted that in the UK "macro is not a significant field" and most respected economists are micro theorists. In terms of structure, at the time a UK Master's included all of the graduate-level coursework, then very little during the PhD, but it had "evolved more towards the U.S. model. [. . .] Canadian schools had the UK model for a while," but are moving more towards the U.S. This view was echoed

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<sup>186</sup> One bank chief economist received the advice that "the LSE was this left-wing school, which maybe it was in the 60s" and that "if people see that, they won't hire you." He said that they have since hired people from LSE at his bank, so that was "bad information."

<sup>187</sup> University of Toronto.

by another professor who studied at the LSE, who said, “as time goes by I think they’re becoming more and more patterned after the North American model. [. . .] Pretty much most departments in the U.S., Canada, and England offer a pretty standard PhD program. One big difference the UK used to have with respect to North America was the course work content of the PhD,” which is much heavier in North America, especially relative to Oxbridge. Indeed, a professor with a PhD from LSE said it was very unstructured and there were “hardly any courses; you find a supervisor and sit there and write.” Yet another professor described his 2-year LSE program (a B.Sc.) as eight exams at the very end, and basically no other assessment or output;<sup>188</sup> the final year was dedicated to economics.

A professor who studied at Oxford said that it offered a very unstructured DPhil program, and “the failure rate was huge. [. . .] Basically, the program wasn’t very good.” He noted that the MPhil is a standalone degree, as in Canada, as opposed to a stepping-stone as it is in the U.S., but that interdisciplinary was built into the college system at Oxford in a way that it was not at Canadian universities. He went on to say that Canada was traditionally “a mid-Atlantic operation” but in the post-Thatcher era<sup>189</sup> “Canada has moved closer to Europe, and Britain has crossed over. So Britain is more like the U.S. – in subjective wellbeing, in social trust, in a whole range of issues.” Canada is now between the U.S. and Scandinavia, he said, and closer to the latter – the top ten happiest countries in the world invariably include Scandinavia and Canada but not the U.S. or the UK.

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<sup>188</sup> He later contrasted this with his experience in graduate school in the U.S.; “I really did find it awfully stressful,” he said, and “much more regimented.”

<sup>189</sup> One mainstream professor said that prior to Thatcher’s reign, “the intellectual elite” may even have been a bit to the left of Canada but that Thatcher “basically remade” parts of society and they did not regain their shape afterwards. A conservative British professor, on the other hand, pointed out that “Cambridge had a lock on economics” prior to the Thatcher era, partly as a result of the legacy of Keynes and his acolytes, “and it was terrible.”

The subject of income inequality generated significantly longer answers – in transcript form, thousands of words more – than any other.<sup>191</sup> Although few of my conversants were completely unconcerned about inequality – and those who fell into this category invariably expressed concern over poverty and/or social mobility instead – a significant percentage felt that, although inequality in general was an issue, Canada had not fallen into problematic territory in this respect. A significant proportion of conversants referred to the U.S. as a reference point – specifically, as an example of a country that had taken inequality too far; Canada was often deemed to be acceptable in comparison. Yet their answers demonstrated a level of preoccupation with the issue that simply was not in evidence as regards other policy questions.

There was, however, a minority who seemed unconcerned about inequality altogether. From the Fraser Institute there was a flat-out dismissal of Thomas Piketty's work, *Capitalism in the 21<sup>st</sup> Century*<sup>192</sup>: "I think his book has been rightly ridiculed in the profession for having a whole lot of mistakes both conceptually and empirically." A second Fraser Institute conversant elaborated:

Piketty's book makes me gnash my teeth, it's such an ignorant piece. It's a book on inequality. It's a complete distortion, and completely – I mean, once again, you're entitled to your own opinions, but you're not entitled to your own facts.

This conversant went on to describe the Fraser Institute's work on social mobility in Canada, which showed that there is "all kinds of mobility, and there always has been," whereas Piketty is guilty of "egregious calculation errors and methodological issues" and seems to suggest that only income distribution matters. Besides which, "The most important things in life are not about money. And therefore when we're talking about how a society is organised, the more important question is that issue about choices" and having the "freedom to go where you want" and no "nanny state" telling you what to do.<sup>193</sup>

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<sup>190</sup> See the Appendices for my conversants' views on usury, capital gains taxation, and carbon taxes.

<sup>191</sup> This is true even controlling for the fact that I asked this question of an unusually high proportion of conversants – almost all, in effect.

<sup>192</sup> Piketty's tome concerns wealth inequality across many geographies and over several centuries in some cases; it was a surprise hit when it was published.

<sup>193</sup> There was evident frustration in his voice over Piketty's book. He went on to say:

Despite expressing fondness for UBC economist John Helliwell as a person, this conversant expressed frustration over Helliwell's work on happiness: "So what's the argument now? That we need to make people happy! And as it happens, happiness is very difficult to measure. [. . .] These so-called sharing, caring socialist troglodytes think cab drivers are low-income, and they are thinking, 'I'm free!'" He went on to critique the idea of income inequality as a measure, referring to the two times in one's life cycle when one "should be poor" – when young, and when "run[ning] your assets down" in old age.<sup>194</sup> He asked:

Given that that's the normal state of affairs in someone's life, what does equality mean? Equality of income? What about talent? [. . .] What you want to have is equal opportunity. So you do want to make sure that everybody's got an access to education if they want – not everybody wants it.<sup>195</sup>

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The money outcomes are important – in my view, they are most important because of the non-monetary things they produce: the higher life expectancy, the lower level of maternal mortality in childbirth, the high level of infant survival, the non-existence of self-induced disease like through water which is badly . . . and all that kind of stuff. [. . .] But measured in a tangible way, ways that you can actually see, not happiness. [. . .] See, this is another way of trying to reframe. They lost the argument. Everybody now knows that the socialists lost the argument. Nobody now argues that it would be a good idea to have a communist state, totalitarian kind of government – nobody argues that anymore. Maybe except in North Korea. But – who cares.

<sup>194</sup> Having been raised in modest circumstances himself, he went on:

It's not much fun if you start high. And by the way, I've had in my life the privilege – I say privilege because it's been a big benefit in how I organise my own life – of knowing a lot of very wealthy people and seeing children who are born into very high levels of affluence – and what a baggage that is on you. What a terrible . . . and I've been asked to advise some of the wealthiest families in Canada – on economic and other activities. And I always tell the kids – you are born with a huge disadvantage. You have got a problem – because the incentives have been taken away from you to improve your life and normal yardsticks that people use to measure their progress have been taken away from you, because it's going to be very difficult for you to end up more wealthy than you are now. So what you'd better do is you'd better give this all up and go out on your own.

<sup>195</sup> He felt that education should be free up to the end of secondary school, but not after:

That person has more of an incentive to organise their own way through university – because they're going to get the benefit. They're going to be the primary beneficiary. In the case of these people who have their Grade 12, the society gets a benefit out of having a well-educated population and so on and so on and economists have shown that the benefit to the society is at least equal to the amount of subsidy that's going in. It's not true for post-secondary education.

Piketty's book was a clear irritant for another conversant as well, a conservative academic who had written a book about the topic; he brought up Piketty's work unprompted, arguing that "we should be focused on poverty – don't really worry about inequality; they're two different things and the important thing is poverty." He described his analysis of papers in the NBER database<sup>196</sup> since around 1970. There were few papers on inequality in the first ten or fifteen years, but there has been a stable number since then with a small increase in 2008. When I pointed out that that mirrors the increase in inequality in the Western world from the 1980s onwards, he said "the onset does come when the onset of inequality comes, so the profession is paying attention" but that inequality in the U.S. mainly increased in the 1980s and 1990s and not greatly since. I asked him whether there was an ideal level of inequality, to which he responded: "Well, I think it's irrelevant. But I don't think I'm typical; I think most people worry about inequality." Including economists, I asked? "Yeah, increasingly I think they do," he said, although they have traditionally thought more about growth.

Another older conservative economist cited a critique of Piketty's book by *The Economist* and a review by George Fallis arguing that the Canadian data do not fit Piketty's pattern. But this conversant volunteered: "I don't like inequality. I mean I really don't. I would be a guaranteed minimum income person," although "I'm more worried at the bottom end than I am about the top end." He said he did not have a problem with opera stars and athletes "being paid a fortune" and that we do not normally think about how long very high incomes last, that there is regression to the mean over the course of a person's life. When I asked for his view on the level of inequality in Canada, he said:

When I walk around downtown London, or around downtown Toronto, and I see all the homeless, most of whom look like mental cases to me, I get very upset. So I think no, we've got a real social problem. And I don't see why the food bank should be a permanent social institution either.<sup>197</sup>

One former policymaker discussed his own preoccupation with income distribution when he worked in the Department of Finance, citing evidence that "as

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<sup>196</sup> The National Bureau of Economic Research (NBER) database is a repository for working papers on economics.

<sup>197</sup> In terms of which policies he thought would alleviate such poverty, he said, "Oh, I think refundable tax credits is the way to go. [. . .] I would also put healthcare into that system" and tax people on the healthcare they receive, a fee-for-service model for people above a certain income level, maybe capped past a certain total cost.

you expand the size of the market, then the premium to the winner gets bigger and bigger” but noting that that is on the earnings side, which is not what Piketty was writing about.<sup>198</sup> Returns to capital have been low recently so it is hard to assume returns will be high in future, he said, especially as technologies inevitably change the distribution of income.<sup>199</sup> When I asked directly whether we should reduce inequality or poverty, he said that we cannot solve inequality on the supply side only, and that it will be a “very interesting question going forward.” He viewed poverty as a different question:

[It is about] how much you’re willing to take out of the system to subsidise the bottom end, because you’re always going to have the bottom end. [. . .] This is I think a very interesting issue that in some sense traditional economists like me are not really capable of dealing with. If you think about it, it’s very interesting that in times that are tough on the then-existing middle class, the middle class then tends to turn very conservative. And that’s been true through history.

He saw this in “right-wing, anti-redistribution groups” like the Tea Party gaining support from people who should be supporting redistribution; the middle-income group has seen no income gains in 25 years and have been driven down relative to top-earners but also relative to low-earners who receive government support, which exacerbates social tensions. He pointed to the paradox of low-income Conservatives and Republicans asking for self-punishing policies, and the diminishing bargaining power of labour in bad times: “It always struck me – I started as a labour economist – that it’s absolutely always the case, and it was always very strange that the union movement suffered its worst setbacks just at the very time that you would think it was most needed.”

A C.D. Howe conversant was similarly reluctant to answer directly; he also took an academic approach to the question, saying, “I was very surprised by the thesis in that book.”<sup>200</sup> He took a rare historical view, talking about medieval times, when

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<sup>198</sup> Piketty’s work concerned the functional distribution of income between labour and capital and the aberration of the mid-20th century, according to this conversant.

<sup>199</sup> He also made the point, “I think students of economics today are very lucky. Because we’ve just come through a few years where we’ve had lots of variation in the data, lots of variation across countries, you’ve got all sorts of potential hypotheses,” whereas students in the early 1990s and afterwards “basically had run for a period from the early 80s until 2007 with relatively little variation in the data.”

<sup>200</sup> This was partly because Piketty’s work provided a clue for those trying to decide between pay-as-you-go and funded pensions, he said. Right now savers are not getting any return; “if you think Piketty is right, then there’s no pension crisis. Because the large funds increasingly own all of the investable assets, right?” But in “the world I live in,

lenders charged high interest rates for loans to an emperor or prince and frequent defaults meant that accumulation did not happen as per Piketty's thesis; the 1950s, 1960s, and 1970s are not standard "if you know anything about history," and for every good period for lenders there is always a bad one. When asked directly whether he thought inequality was a problem, he sidestepped the question: "It's partly a question of where you think technology is going" and whether it is "winner-takes-all" technology. If that happens, "then we have a problem; [. . .] that can be a force for income polarisation, and I just don't know what the answer is." Perhaps detecting a pause on my part, he continued:

That's probably not the answer you were wondering about. [. . .] To the extent that it is happening, we may need to use the redistributive tools we have a bit more aggressively, and like a lot of people I look at education as one way we have of mitigating [inequality . . .]. It depends whether people are concerned about the fairness of it or not. I'm often struck that the high salaries for athletes don't seem to bother people. I suppose it's because they feel their performance is measurable. [. . .] Process seems to matter to people.

When I tried again to ask about inequality in Canada, he described the 1970s "compression of wages" followed by the increase in inequality in the 1980s and 1990s that now seems to have levelled off, saying that Canada is different from the U.S., perhaps because of better education, commodities, housing, or opportunities for people who had "strong backs but not necessarily strong – well, you're recording this interview, so I'd better be careful what I say." When asked whether he preferred the level of inequality in Canada or the U.S., he again avoided the question, saying, "People will trade these things off differently;" in the U.S. "you can get ahead" so people seem not to think inequality is "as obnoxious."

Responses such as these cumulatively helped me to notice a feature of the academic economists – and, on the whole, the bank chief economists – to whom I spoke: they tended to answer questions directly and linearly. It was almost always in conversation with a think tank economist or policymaker that I struggled to get a straight answer to a question, or encountered 'straw man' arguments. Academic economists were much more direct; for example, one conservative professor

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people are scared." He later argued that the pensions divide was less extreme for couples than individuals because of "risk pooling within the family" and that with assortive mating, wealthier couples can "invest in the human capital of their kids," but "you can't have the government arranging marriages" and that, similarly, although the transition from a feudal to meritocratic society will show anomalies in income, this does not mean that we should go back to the feudal system.

responded, when asked whether inequality bothered him, “Very little. [. . .] As long as there’s a way up out of the bottom. [. . .] It’s not a zero-sum game; [. . .] this is not trickle-down economics,” although wage stagnation is “a little bit worrying.”<sup>201</sup> Of Piketty’s work, which he had read,<sup>202</sup> he said that the book’s major equation is in the standard growth model in basic neoclassical macro courses “so to me, it’s not new at all [. . .]  $R$  is greater than  $G$  in the long run; nevertheless capital has a constant share of national income in the long run.”<sup>203</sup> He emphasised that Piketty was not looking at mobility, although “one of the admirable things that he did do” was compile timespan data and comparisons across countries. In general this professor’s view was that if people amass fortunes by saving rather than consuming, that is channelled towards investment “and what’s wrong with that?” He maintained that he would be content if Scrooge were a saver, a consumer, or a philanthropist; all of these options would benefit the economy.

Several other professors were equally unbothered; one said, “I’m less concerned with income inequality than living standards. [. . .] I am concerned about how difficult it seems to be for people from disadvantaged backgrounds to make their way up in Canada,” and he did not worry about his own status relative to others. Regarding Piketty’s book, he said, “people are interested in inequality and income distribution, and this is a long-standing question in economics” alongside intergenerational mobility and concentration of wealth, although he thought economists were more interested in the data sources than the policy question itself.

Another mainstream professor agreed that there was widespread interest within the profession: “There’s clearly an appetite for this kind of discussion, but where does that go? How does that align with” the fact that, particularly in the U.S., people “don’t vote in their economic interests?” She said, “I’m very happy that that work is out there” and although “I’m sort of generically suspicious of people who

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<sup>201</sup> He then volunteered, “I guess I’m becoming really right-wing in my old age, but I’m pretty much against minimum wage laws as well,” using the example of MacDonald’s firing people in Alberta on their 18th birthday because the minimum wage laws started to apply. The birthday firings seemed to be a result of the differential between the minimum wages for people under and over the age of 18, not the minimum wage itself, but we did not have time to explore this issue.

<sup>202</sup> He was among the small minority of conversants to have read the entire book, a tome of hundreds of pages; most others admitted to having skimmed or read reviews of it instead.

<sup>203</sup> Either I misunderstand or he does. If  $R$  is greater than  $G$ ,  $R$  can have a constant share of the national income, but if the *rate of growth* of  $R$  is greater than the *rate of growth* of  $G$ , then surely  $R$  cannot then have a constant share of the national income.



collect large datasets” they seem to have done it carefully in this case, although she thought the Canadian data was suspect. She said it might depend a bit nationally and internationally, but within Canada “I would work much more, first, on the poverty piece,” and that opportunity, distribution according to age, and mobility are all worth looking at.

The international comparison centred on the U.S. A right-wing academic colleague referred to Piketty’s book as “good quality work” and “useful” but, similarly, pointed to “limitations” in the data. He, too, did not care about the people at the top, but rather more the people on the bottom “and that people feel they’re advancing,” pointing out that the Canadian and U.S. numbers were very different; in the former, there had been a big jump in inequality in the 1990s, but it was flat in the 2000s. People were angry after the financial crisis and inequality became a bigger deal, however, “so I can understand the hostility.”

Another mainstream professor mentioned Piketty unprompted, saying his data “hasn’t been seriously challenged” but that his “policy prescriptions [were] total fantasy.” Fortunately, “Canada doesn’t look nearly as bad in this respect” because of its public education and healthcare systems, and he believed that the income/wealth of the top 1% had declined in Canada. In Canada the state is “more generous” and its “politics not as dysfunctional.”<sup>204</sup>

Another professor pointed out that “In Canada there hasn’t been a debate about distribution of wealth,” and noted that there is no estate tax in Canada – and very little discussion of that fact, either. In contrast, in Europe historically there has been much more of a debate around “breaking up inherited wealth,” and there were “punitive” estate taxes in the UK. Piketty’s book, he claimed, explains that money makes money, basically, which is why wealth can continue through the generations – because you can live on the interest. Inequality “has become an issue,” particularly in the U.S., but “it’s not as big an issue here. [ . . . ] There’s concern for the poor” and “what to do with the homeless” but we do not often hear about CEOs’ pay.

One mainstream economist said:

I’m not worried about the 1% too much, if a few bankers get rich. My Dean here [redacted], former Dean, he gets on his high horse about that. But that’s not the

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<sup>204</sup> He made the interesting point that all of the “lightning-rod” issues in U.S. politics – education, healthcare, immigration, gay marriage, and abortion, are all “non-issues” here; Liberals may advocate for a slightly more expansive social policy, for example, but all of the main political parties essentially agree on these topics.

big social problem. It's that there are no good institutions to weigh against increasing income inequality.

This conversant went on to say, however, that "I honestly think that income inequality is corrosive" and that Piketty's theory<sup>205</sup> is "legitimate, defensible – it makes a lot of sense."

One mainstream professor seemed discomfited when asked whether inequality concerned him, responding, "Yeah, it does. [long pause] I'm not sure why, but partly . . . I guess the source of my discomfort is we're all in this together, as Red Green<sup>206</sup> says," and that people become disengaged if they see that kind of wealth; they "won't see that the free market system works for them" and will start voting for a party that promises to "dismantle capitalism." I asked whether he would still have a problem with inequality were that not a risk; he said that he did not mind high earned income, but "I believe we should have a progressive taxation that takes more from the rich than it takes from the poor. And we have that. We have a large redistribution. The richest people in Canada pay 80% of taxes."<sup>207</sup> When asked whether he would change Alberta's flat tax, and he said, "Yeah, probably. But it's not a big deal" because of the exemption of \$15,000, "but I would make it more progressive than it is." When I asked whether he thought he was alone among Albertan economists in thinking that, he laughed, "No. Jack [Mintz] wouldn't like it," although the tax has attracted a lot of rich people, so there is a danger there. However, he said, gesturing upwards, "The 1% has gone like this, and even scarier is the 0.1%."

Responses from the bank chief economists were particularly interesting because they are frequently exposed to the 1% as high-level employees of institutions that serve this group and have its constituents as top executives. One chief economist had clearly given the issue some thought and had developed great concern for, and knowledge of, segments of the population that live in poverty; yet he shied away from discussions of inequality itself:

So-called inequality – I like to look at it in its pieces. I say if you're a single mother with a gross income of \$24,000, your biggest problem is not your next-door neighbour who makes a million dollars – perceptions of welfare are

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<sup>205</sup> Notably, he thought Piketty's thesis had gained authority in part due to his collaboration with Tony Atkinson in the UK.

<sup>206</sup> A comedic Canadian television personality.

<sup>207</sup> He thought it was a problem that many people pay no taxes at all, because "you don't have a dog in the fight," and even a small minimum tax would communicate that "you're not just a poor person, you're still contributing to society."

relative to a degree, I get that; thanks to the economics of happiness we have series that show that – but your biggest problem is you’ve got \$24,000 and you’ve got 3 hungry kids. So I think we gloss over the real problems by totally looking at it in the relative context we do. And I don’t like looking at it as a zero-sum game, that we have to take something away from the millionaire to give to somebody else.

In Canada, he continued, “who’s poor? There’s three main camps”: single mothers,<sup>208</sup> recent immigrants,<sup>209</sup> and the indigenous population, and we are not going to solve these issues by thinking of them as relative, as opposed to absolute, problems. When I enquired as to what he thought of the current level of inequality in Canada, he said:

I don’t even like to think of it that way. I don’t know what the right level is. I think a lot of executive compensation is excessive, but only excessive when it’s not tied to performance, so that would tend to lower it [ . . . ] and we have way too many poor people, that would reduce inequality, but I tend to look at it as the pieces.

A fellow bank chief economist called Piketty’s book an “amazing piece of work” but noted the criticisms, one being that within countries inequality is up, but globally it is down – which “kind of goes against his theory.” Yet “it’s very obvious that there are winners and losers in free trade” and “even Ricardo says you have to compensate the losers.” He was in favour of consumption taxes, luxury taxes,<sup>210</sup> and land transfer houses on high-end homes,<sup>211</sup> but felt income inequality was “a little bit overblown.” The Gini coefficient in Canada is not so bad, he said. It is worse in the U.S., in part because of the financial crisis; quantitative easing benefited investors – “a pretty small price to pay,” but it did cause some wealth inequality. When asked whether inequality was too high in the U.S., he said: “People take chances and they’re rewarded hugely. But unfortunately, of course, on the downside you do have a much bigger underclass in the U.S. than you do in almost any other industrialised economy.” Although he said he was biased, “I think it’s about right in Canada.” He went on to say, however: “I have a problem with cranking personal income taxes” above 50%; “it’s a mistake” as it disincentivises risk-taking and incentivises tax avoidance. He said it was better not to “cut down the high poppies” but to support the lower end.

His counterpart at another bank said:

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<sup>208</sup> Fully 80% of child support payments are in arrears, he pointed out, and people are better off on welfare than working for minimum wage.

<sup>209</sup> Selection and integration are both issues for this group, he noted.

<sup>210</sup> This was a novel suggestion among my conversants.

<sup>211</sup> “That’s not a terribly productive activity, so why not crank the taxes on it?” he asked.

I think the data are really interesting, and are telling a story that's true. I think the evidence is that in Canada, if you look at it on an after-tax basis in particular, because we have a more redistributive tax system – which had swung around a little bit, but which is now becoming more redistributive again – [...] on an after-tax basis I'm not sure we've had the same drift toward inequality.

He went on to question whether this would hold true in the future, however; "Pay scales at the top have exploded relative to pay scales at the bottom," although he noted that Canada lacked the proportion of hedge fund managers, movie stars, and other groups that skew the numbers in the U.S. "I don't think you can perpetually have [increasing inequality]," however, citing critiques of Piketty's work by some who are generally supportive of his argument. When asked what he thought of inequality in Canada, he said:

I think that's a matter of taste. I don't think an economist is in any better a position to say that than anyone else [...] and yes, there are costs of having higher marginal rates, but . . . there's a range of possibilities, let's put it that way, that are not ruinous to the economy. [...] How much do you want to reward personal initiative, but also accidents of birth?

When asked what he would prefer, he said:

That's irrelevant. [pause] I think Canada's not bad in that regard, actually. I think that we strike a reasonable balance. Whether it's perfect, I don't know. [...] There are arguments to be made that maybe the tax system should become a little more redistributed if the income distribution has become a little less equal on a pre-tax basis. I'm sympathetic to some of that, but I think you have to be careful not to go so far that you cause an exodus of wealthy people who simply move to a jurisdiction with less taxes, for example.

Yet another bank chief economist argued, "We're starting at a better point" than the U.S. and Europe, but "when you get into a slower-growth period, distributional issues become more important" – along with environmental issues, which he saw as a looming problem in the coming years. "Everybody would like inequality to be reduced as long as it didn't hurt them – it's like green energy. [...] The real issue is in helping people who are vulnerable, who are at-risk," whether they are high- or low-income. He went on to say, "My view is that governments get bigger and not smaller in the coming years [...] the question is, are they in your life efficiently or inefficiently?" He thought public opinion was fairly clear; if you asked people whether they would prefer widening or decreasing inequality, he would be very surprised if 10% of respondents fell into the former camp – probably fewer. When asked whether

he would put himself in that majority category, he said, “Absolutely. But the question is how you get there.”

A fourth bank chief economist said, “I think it’s an issue globally,” but that Canada fares “relatively well” – in part because our public school system is a “luxury” that a lot of other countries do not have. He would like to raise levels of wealth for all and reduce inequality at the same time, but claimed that that is the job of fiscal, not monetary, policy at this point – growth is the solution to inequality.<sup>212</sup>

The sole American-raised bank chief economist somewhat dissented from her peers. She thought inequality was an “important” issue and “I’m glad it’s getting so much attention. And it should, because it biases all the averages, the rich are for sure getting richer,” although less so in Canada because our tax system is “more progressive.”<sup>213</sup> She maintained that education narrows the gap and that both poverty and inequality were concerns, and worried that “you become more unequal in a knowledge economy” due to assortive mating and similar trends. Remarkably, she was the only bank chief economist not to invoke the U.S. as a comparison, and her concern over inequality seemed to outweigh her concerns about the negative consequences of redistribution.

Still others pointed to the U.S. as problematically unequal, while endorsing or at least tolerating Canada’s status quo. One Conference Board conversant commented:

It should always be something monitored and of concern. Inequality in Canada isn’t anywhere near as pronounced as it is in the States. And that’s due to our tax system and a variety of other mechanisms. [. . .] Income inequality, if it’s too extreme, obviously, can have a real impact, not only personal, but societal impact. [. . .] And frankly, it limits consumption in some ways, right? [. . .] We should always be concerned, particularly if it gets out of hand, but we’ve also seen that if you work to get income inequality down at the expense of incentives, that also has a very negative impact.

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<sup>212</sup> Comments such as these came up with some frequency, even among private sector economists as in this case; as a group, my conversants were broadly pro-stimulus (loosely Keynesian, if you wish), and many felt it was time for fiscal policy to step in where monetary policy had been more dominant.

<sup>213</sup> She did lament our lack of billionaires, however.

When asked about Canada's current level of inequality, he responded, "I'm sure that we need to make sure that we're taking care of vulnerable populations and the like" but there is not a specific right answer.<sup>214</sup>

A couple of academics answered similarly. One said of Piketty's book that of the two sections, "one is the more factual things [...] published in scientific journals, so it must be more or less uncontroversial," while the other part is "more political," "more dubious," and has been criticised ("it's not fair, but ..."). He claimed that Piketty "made a great contribution" by adding new data for the top income bracket, and that the distinction between wealth and income inequality was helpful for policy. When asked whether inequality mattered, he said, "It does to the extent that – I mean, inequality is a difficult issue because it has really – some of it is good from an economic point of view, because it gives incentives for people to work and invest. [...] But on the other hand, too much inequality" and especially mobility – which is particularly affected by inheritance – is a problem. He believed that with enough mobility inequality would sort itself out, although too much "is definitely dangerous and bad." When asked what he thought of Canada, he felt the "current situation is okay," but with a great deal of hesitation and some critical commentary on Québec.

One of this professor's colleagues replied, when asked whether he worried about inequality, "Sure. It's part of my research too." A dollar for a poor person "generates more utility" and there is the "social insurance" argument, which says that redistribution helps to balance out good and bad fortune. Yet, "some reasons why there's inequality are good, and that's just the way things work," he said, pointing to incentives to innovate and take risks; we must find the "optimal level of tax progressivity." When asked whether inequality was too high in Canada, he again invoked the U.S. example, saying inequality had risen in Canada but not as much as it had there – and some of this increase is beneficial, as we may be more efficient due to the use of computers and the like; "I don't know if it's too much."<sup>215</sup>

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<sup>214</sup> He proceeded to direct me to the records of a parliamentary committee on the topic, as there is a statement from the Conference Board in there, but would not provide a direct answer.

<sup>215</sup> Regarding Piketty's work, this conversant remarked that although the first part of his book is "important, and widely recognised as being important," the second part is more "interpreting" and "forecasting;" most academic economists would not put much weight on his predictions, such as that inequality will continue to "explode." He maintained that most of the more "damning" critiques of Piketty's works were from people who agree with him, not "conservative zealots," although his overall assessment of Piketty's work was positive.

Another mainstream academic opined, “Economists have never had much to say about inequality, and what to do about it. And there’s a reason for that – their tools are not political, or values-based. [. . .] Economics has always said: we’re not about values. We take them as given.”<sup>216</sup> When asked whether inequality concerned her, she said, “Of course. Inequality of opportunity is a bigger concern.” When asked whether Canada’s current level of inequality was too high, she said drily, “Given the taxes I pay, I doubt it. [. . .] Canada – I think it’s done a pretty good job on opportunity. And then you have to redistribute. And it’s done quite a job compared to the United States on redistribution. But it hasn’t solved the problem.” When asked how we might solve the problem, she said, “It’ll always be with us;” the only place she had seen equality was in pre-reform China, where there was “equality in poverty.”

A fellow mainstream economist had studied top income taxation and social insurance. His research on self-employment examined whether the fact that good and bad years will be taxed differently affects whether people choose to become self-employed, and he found “little effect.” Similarly, he said, evidence shows that “people are not very sensitive to income tax rates,” which does not mean you can do anything in that regard, but small changes will not make much difference. His comment on this was remarkable:

A lot of economists seem to think there’s a big impact, even though there are no studies to support it. So that seems to be very ideological, and that seems to be quite American, actually; a lot of American economists tend to put that slant on it. And it seems to be just a belief they have – people *must* be responding to this, even if they can’t find it in the data.

This conversant’s work showed that the top tax rate has fallen almost everywhere since the 1960s, yet “I don’t think that raising the top tax rate would have much of an impact on anything, other than collecting more tax revenues. [. . .] It’s not the high tax rates that are encouraging people to work less; it’s the generous retirement packages.” He went on to critique the work of economists who say otherwise; “they seem to want to think that high taxes are bad, and they spin the arguments to make it

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<sup>216</sup> She said of Piketty, “It’s good that he can write well, and it’s phenomenal, his timing.” However, “it’s not totally thought-through. He recognised that himself, and he’s done a public service by making all his data publicly available.”

work.” Just to clarify, I asked whether he was in favour of increasing the top tax rate. He said, “Yes, I would,”<sup>217</sup> contending:

I think there is a lot of danger in the really extreme high-end – the fact that top incomes and top wealth distributions are so concentrated now. That could have implications for social cohesion; it could have implications for the distance – not so much in Canada, but Washington – has from ordinary people.

He went on to cite a paper arguing that inequality was a “threat to social solidarity”<sup>218</sup> and brought up the sociological concept of anomie, the gap between expectations and reality, and its links to the rise of populism. Yet he finished by saying, “So yeah, [inequality is] something to be concerned about, but it’s not something I worry about on a daily basis.”

A second Conference Board conversant seemed deeply concerned about inequality. He began, “I’m not at all surprised to see that there is a shift towards owners of capital and people with a big stock of capital making gains over time, but even if it’s true, it’s hard to fix,” and asserted that Canada’s inequality had levelled off since the mid-1990s. But when I asked him whether income inequality concerned him, he said:

Oh, always, always. One of the ways to make a stronger society is to raise the poorest, raise the productivity of the poorest, find ways to make them feel that they can flow into the workforce. And it’s a destabiliser. If you don’t do that, you end up hiring police and putting up walls, which has been the American solution.

When I asked whether his concern was more about poverty or inequality itself, he said, “Certainly for me, raising the floor is the starting point,” and volunteered that we need a guaranteed annual income. When asked whether the level of inequality in Canada was acceptable currently, he said, “It’s probably a little bit higher than ideal. But I would really focus more on inter-generational mobility. [. . .] And that’s why our research always focuses on as strong a public education system as possible, where

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<sup>217</sup> It is worth noting that this conversant had conducted research for the right-wing Fraser Institute in the past, yet he was one of few conversants to state an explicit preference for raising taxes on the top income bracket.

<sup>218</sup> He also mentioned an article that describes the advent of advertisements for products no one can afford, but whose purpose is to boost the status of the few who can buy them.



Canada actually gets pretty high grades. K to 12,<sup>219</sup> we're among the best in the world," while in post-secondary we are "much more fragmented." He brought up Québec's subsidisation of private schools, on which I inquired as to his view, and he said, "Well, I have no philosophical opposition to this. I think choice is good, fundamentally. But at the end of the day, the state funding public education is the anchor in our system. [. . .] I say over and over again – any government that actually cuts its per-capita funding for public education is insane. That's our future as a country."

The theme of education as a protective element against inequality was a common one, particularly among a small number of left-wing conversants, but even more so among centre or centre-right conversants who may have preferred education to outright redistribution. That said, many conversants acknowledged the need for both, and healthcare and education both emerged as points of pride in Canada's status quo, especially relative to the stratified nature of those two institutions in the U.S.

A preponderant number of conversants contrasted Canada with the U.S. in other ways as well. One IRPP informant said we have reached "peak Piketty" and that inequality was a salient issue because of public sentiment in the U.S., where it was more concerning than in Canada. Yet, "I think the public is right to be worried. [. . .] The fact that we have those gaps in societies is problematic," although he believed it was unwise to go to the other extreme. That said, "We've reached a status quo system where the distribution of income in Canada I think is – is and should be – viewed as an unjust, offensive outcome, and there should be some serious consideration of what kind of policies could mitigate that."

Both journalists concurred. One said, "In a lot of ways the debate in Canada is seeded by the U.S.," where this is more of an issue, but that former Prime Minister Harper's policies could worsen the situation in Canada. "One of the things that goes into the Canadian identity is that it's a more egalitarian society, and the less egalitarian we are . . ." she trailed off. "It's nearing a danger point for Canada too."

This was the view of a majority of mainstream academic economists and all heterodox and PEF-affiliated economists I spoke with. One mainstream economist, when asked whether Canada was too unequal, said, "I would say so, yeah. We're back

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<sup>219</sup> Kindergarten to Grade 12, or the beginning of primary school to the end of secondary school.

to where we were in the early 1900s.” He described differential impacts, highlighting the decline in poverty among the elderly, which “was probably the poorest group in society,” and the significant levels of poverty that persist among Aboriginal communities and immigrants – the latter group, though better-educated, encountering more barriers in the job market. Furthermore, he pointed out, almost all growth since the 1980s has gone to the top 10%; “I think that’s a really serious problem” revealing inequality itself as unfair. “Most economists look for ways society can make itself better-off, use its resources more efficiently. [. . .] But if all the benefit goes to people at the top, is it really worth doing?” He said that the increase in wealth at the top is “not because the people who are getting the higher incomes in some sense deserve it because of the special skills they have, they’re just in a position to reap the rewards of gains in income.” He viewed this as a “question of basic equity or fairness” and that inequality also “raises concerns” about political influence.

A left-leaning mainstream economist, who did not seem to have a problem with private schooling (despite supporting public education) and who advocated for working conditions on welfare grants, nevertheless had strong views on inequality. He said Piketty’s “basic conclusions are unassailable,” and that his point was that “what’s normal is capitalists run the world, and we got our intuition about normality from the 40 years following the enormous dual catastrophes of the Depression and World War II.” However, “his policy prescriptions are a bit stupid. [. . .] Because he doesn’t know any macro. [. . .] You look through his book for a macro model, and you kind of wish there was one – but there isn’t. That’s kind of a problem, since this is a macroeconomic problem.”<sup>220</sup> His solutions included education, skills training for low-skilled labour,<sup>221</sup> strengthened unions, and changes in corporate law to empower shareholders. He continued:

Lots of economists don’t mind maximising total income. Although less so now, because it’s so obvious that it’s stupid. If you maximise total income, you just make Adelson richer. Who cares if Adelson is richer? What did that accomplish? [. . .] Once you get rich, the money is in large measure a scorecard.

He went on to make a cultural point; “It’s easier to get worked up about poverty,” but the question is, “What kind of society would you have more fun living in? [. . .] Our sense of community and cohesion is connected with inequality.”

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<sup>220</sup> Interestingly, this conversant did not want to be quoted critiquing Piketty.

<sup>221</sup> He cited Germany as a country that does this well.

A fellow mainstream economist elaborated: “I think where you have a lot of inequality you start having social class divisions and inequality of opportunity, and that’s kind of toxic,” referring to academic literature suggesting that “we’re social animals” who “like to get along with other people, and trust other people, and hang out with other people, and where you have a lot of inequality it seems difficult to have that.” As for whether income inequality was too high in Canada, the response was instantaneous: “I would say it is.”

Another mainstream economist returned to the point about culture. When asked whether inequality bothered him, he responded, “Yes, because it’s part of something bigger. [. . .] When I study institutional structures [. . .] the ones that work all have less income inequality.” This needs to be part of a cultural shift, however; you cannot just take away people’s wealth – there has to be “a sense of sharing;” part of inequality is driven by land prices and earned income, but bad policy and the culture of the finance industry share some blame as well. “A good social context is one where there’s inherent equality,” he said; “it’s a consequence, not a cause,” and therefore the debate in this area is too narrow.

Other mainstream economists had a more straightforward response. One replied, when asked if inequality is a problem:

Yeah, oh, absolutely, it’s enormous. And you can’t get away from the fact of the unbelievable excess of money that the people at the top have. They have way more money than anybody could possibly need. And way more money than they need for any realistic incentive. The story is that they’re earning it because they’re productive, and they need to be given incentives to keep on being productive. But this is nonsense. It’s absolute nonsense.

He went on to say, “Certainly perfect equality is no good, because then everyone is equally poor,” and that the former USSR declined because of corruption and inequality – but relative status does matter. What does not matter is what the “top guy” makes and “it makes no difference to his welfare, absolutely none. And if it does, it’s not something I give any moral weight to.” We should not confiscate it all, because that “leads to bad behaviour on the part of those individuals,” but there should be some redistribution. The poverty floor is probably more important, but inequality matters too, “and it matters to people” – although not so much to him, he says! In the U.S., the Chicago School economists and others are “stunningly smart [. . .] but they have a core belief in economic efficiency and a core belief that distribution doesn’t

matter,”<sup>222</sup> despite evidence of obvious – and worsening – societal problems flowing from inequality. Thus although there have been criticisms of Piketty’s book, it was “very very well-received.”

Another mainstream economist, asked whether he was concerned about inequality, responded firmly: “Yes. Always have been.” When asked whether he felt this way even aside from the issue of poverty, he said, “Yes, I just have a general concern about income inequality that’s not just related to poverty.” He explained:

Economists all believe in efficiency, so most of the economists who are concerned about income distribution would say it’s just an inefficient use of resources. A dollar is worth much less to Bill Gates than to a homeless person. If you think in utilitarian terms, how are you going to create more human welfare? Well, one way you could do it is to have a more equal distribution of income. [. . .] In strict economic theory, we don’t believe in utilitarianism, but here we’re talking about your attitude as a citizen, really, rather than some kind of a scientist. So I feel free to bring those judgements into play.

I asked whether he thought Canada had a problem with inequality at present. Nodding, he said, “Yeah. Yeah. And it’s partly a general issue but it’s also related to specific sub-groups of the population. So the problem of Aboriginal poverty is incredible.”<sup>223</sup> When asked what solutions he would recommend, he said that nothing was really possible with the current government,<sup>224</sup> so he did not tend to think about policy prescriptions.<sup>225</sup> This professor was most concerned about Aboriginal poverty, a difficult problem to solve, but to start with “we need to provide more. [. . .] Ramp it up a bit.” When I asked where the revenue should come from, he surprised me by saying, “Well, I think we could afford to increase corporate tax – we could afford to

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<sup>222</sup> He also claimed that they tend not to believe in a minimum wage. “I think the argument that it causes unemployment is overblown,” he said; “minimum wage definitely hurts people like Sam Walton.”

<sup>223</sup> He also echoed another conversant’s earlier point, which was that people would have thought of the elderly if you mentioned poverty 50 years ago, “but we’ve dealt with that problem” and Canada has been one of the best at doing so; we have also done a fairly good job with young families with children, he said.

<sup>224</sup> Stephen Harper’s Conservatives at the time.

<sup>225</sup> He went on to remark, “although, the Liberals were not that incredibly generous themselves. We shouldn’t forget that Paul Martin was the person who wrestled the deficit to the ground in Canada, and he did it by a lot of cuts.”

increase lots of different taxes. Taxes have been cut over and over again in Canada over the last 25 years.”<sup>226</sup>

Another professor shared the sentiment about inequality, but rejected the notion of taxing high-earners:

[Inequality] is something that worries me, kind of at an intuitive level more than at a deeply analytical level. I dislike the idea that the upper 1% is in a different world than the rest of the 99, or 55 of the 99, that their kids are in different schools, and they take different airplanes, and they go to different clubs and they shop in different stores, and they’re just – they’re not part of the project, the overall community project. I could probably be told that there’s no evidence for what I just said. But intuitively I kind of feel that. [. . . But] if you’ve got market-driven inequality, if something is going on in the market that’s just skewing stuff to the upper 1%, or half of one percent, or tenth of one percent, you can feel better by putting a tax on the upper one percent, but it’s not fundamentally going to change the story.

When asked about poverty relative to inequality, he said, “I’m more concerned about the floor than inequality, for sure,” and the stagnation of the bottom 50% in the last 30 years “absolutely concerns me. [. . .] But inequality does concern me as well, just because I have this romantic notion, I suppose, of community. [. . .] It’s a very fuzzy, imprecise thing, and I fully admit that,” he said, seemingly chagrined.

Interestingly, this professor made one of several links between Piketty’s work and the Occupy Movement:

To me it’s actually fascinating. So we’ve got lots of stories in the last ten years about income inequality, right? It really became prominent with the Occupy Movement, and I think quite rightly so. [. . .] It’s the first time I’ve heard a coherent – I mean logically coherent – discussion of income inequality that really comes down to macro forces. [. . .] I just thought that [R is greater than G] was a very powerful insight. [. . .] It’s a very basic story in a lot of ways, yet it’s one I hadn’t heard before.

Another mainstream professor made the Occupy Wall Street connection as well: “If he hadn’t written that book, the Occupy Wall Street movement probably would have just collapsed and people would have forgotten it.” He echoed the near-unanimous view among my conversants – that the first part of the book is data-focused, and despite some criticisms “on the whole, I think the consensus is that’s a magnificent piece of work and really advances our knowledge a great deal in that

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<sup>226</sup> Along with eight other conversants, he specifically lamented the Harper government’s cut to the Goods and Services Tax (GST), which was “a pretty painless way” of raising revenue.

whole area,” while the second part is “more contentious” and “can be downright misleading” because of “the assumptions he’s quietly built in.” The idea of the first and second “theory of capitalism” is “value-loaded” and the term itself is “Marxian.” Furthermore, he pointed out, the last period of great inequality was followed by massive redistribution as the rules changed, resulting in a great socioeconomic shift, so “if you take a political economy perspective on these things it’s unreasonably simplistic [. . .] to think there won’t be a political economy response” to growing inequality.<sup>227</sup> The third part of the book, comprising chapters on policy, “was not well-received,” he said, and “shows his socialist inclinations” as well as the impracticality of many of his policy prescriptions. But overall he clearly valued the book, and when asked whether he was concerned about inequality, he said, “Oh, sure. [. . .] Both from a normative – sense of fairness” perspective but also in terms of the distribution of health and opportunity: “I think it’s quite unacceptable that a poor person – for no other reason than the family they were born into – faces a much-stunted set of opportunities than a rich person. That strikes me as quite unfair,” and society could miss out on future Mozarts this way. He went on to discuss the ways in which inequality allows elites “to entrench themselves and their heirs,” and “in the long run that will hobble, or reduce the success of, a society.”<sup>228</sup> He invoked the contemporary example of Matty Moroun, who owns the bridge between Windsor and Detroit and hired “hot-shit lawyers” to delay construction of a second bridge for about 20 years:

I didn’t know a human being could own a whole flaming bridge. [. . .] Here he is putting his own personal interests, of trying to protect his private little monopoly worth millions and millions of dollars to him, and he’s quite prepared to hurt the livelihood, or economic wellbeing, of millions of other people. Well, that comes out of inequality, not because of poverty.

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<sup>227</sup> This political economy view of income inequality was surprisingly rare, even though several conversants referred to the sharp decrease in inequality that followed the turbulence of the Great Depression and World War II. Similarly, no one mentioned the potential for a political economy response to the 2007-2009 financial crisis and the concomitant possibility of reversing the current trend of rising income inequality through political action.

<sup>228</sup> He was one of few conversants to use a historical example – that of Venice, where initially “the politics were much more egalitarian than the norms of the time” and they invented the joint-stock company because that helped investors share risk in the shipping industry, but eventually the wealthiest families kicked away the ladder and the city stagnated; inequality causes this sort of thing, he said.

When asked whether he thought his views were common among economists, this professor said, “I think in Canada there is a consensus on the points I’ve been making. This is far less so in the States,” where “there are a lot of people who believe in a wide-open market and . . . let it behave as it does. And however it behaves, it must be efficient.”

This had been the sort of response I had been expecting from heterodox and PEF-affiliated economists, but there was widespread concern, even indignation, about inequality among the majority of my conversants. No progressive economists took the contrary view, however; as one heterodox professor said, “I’m not on the poor street. I’m okay. But I have a problem with [inequality] from a policy perspective, from an economics perspective. I think it can represent a very dangerous – it’s a powder keg. That’s what inequality is – it’s a powder keg,” going on to say that inequality was too high in Canada. He, too, invoked Occupy Wall Street:

If you talked about inequality ten years ago, you were crazy, you were a Marxist. Now inequality has come into the mainstream. I think two things happened: the social movement of Occupy, that sort of put a human face on it, and a bunch of people were always doing work on inequality. But then the book by Thomas Piketty<sup>229</sup> [ . . . ] Now people are very aware of CEOs, and bonuses, and it’s being covered in newspapers . . . I think that’s a good thing.<sup>230</sup> [ . . . ] I’ve always said that the greatest triumph of the right is [the idea] that deficits are bad. And I think the greatest triumph of the left, still in the making, is this idea of inequality.

A CCPA economist also emphasised the Occupy connection, saying, “This is all about Occupy;” there had been plenty of papers about inequality for 30 years, but without Occupy Wall Street Piketty’s book would not have been noticed. He agreed that inequality in Canada was too high, and as policy prescriptions he recommended higher taxes, capital gains taxes,<sup>231</sup> and a renewal of the union movement.<sup>232</sup> He also made the point that there is less pre-tax inequality within a high-tax regime because

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<sup>229</sup> He had several critiques of Piketty’s work – “Oh, I have lots of criticism” – but agreed with the bulk of his academic colleagues that it was a “wonderful dataset” and “it’s given people a glimpse of the extent of inequality.”

<sup>230</sup> He gave the example of the Tim Horton’s CEO opposing a \$15 minimum wage and the ensuing criticisms of his level of compensation.

<sup>231</sup> He pointed out that long- and short-term capital are taxed differently in some countries (inflation is taken into account, in other words), so there is no need to tax capital gains at 50% as is the case in Canada.

<sup>232</sup> “That’s why the middle class exists,” he said, but unions are now mostly public sector organisations in Canada; new companies are not unionising and thus the overall rate of unionisation is decreasing.

the CEO will ask for a golf membership instead of the higher wages s/he knows will be taxed away anyway.

The other conversant to invoke Occupy Wall Street was a COMER member who had invited Occupy protesters to camp in her yard for several weeks after they were evicted from a Toronto park. She said, "To me, poverty is a problem. To me, social injustice is a problem." A fellow COMER member concurred; inequality is "proof that the system has failed," and she opposed "such gross inequality, because it speaks of injustice and somebody exploiting somebody else." Yet another COMER member connected inequality with the aims of COMER: "Income inequality is adversely affected by austerity, and vice versa. And the austerity is because mainstream people won't recognise – or refuse to recognise – or just cannot believe that money can be created out of nowhere and spent into the economy," going on to warn that the issue is "getting worse incrementally."

A PEF-affiliated economist agreed:

There's always a problem of inequality under capitalism, but it's certainly gotten worse under neoliberalism. Piketty's work has been taken seriously; he's gotten a huge amount of attention, and rightly so – he's been very careful in his empirical research and his historical work. And I think he's opened up lots of opportunities for us. I don't accept his ultimate conclusions in terms of which sorts of policies are required, or feasible – this idea of a global wealth tax and just doing straight redistribution I don't think is feasible for all kinds of reasons, some of which are economic.

Aside from his use of the word "neoliberalism," these views echoed many of the earlier comments from mainstream economists.<sup>233</sup> Two heterodox academic presented a similar mix of critiques and support when it came to Piketty; one said cryptically, towards the end of our interview and without time for elaboration, that Piketty had made the same mistake as Marx. Another heterodox academic economist expounded, "It's extraordinary empirical work," but "on the theory side, he's much weaker. He's not really neoclassical, but he's relying on neoclassical theory, so the little he has on theory has been heavily criticised by my colleagues." However:

[Inequality has] been an important issue for heterodox economists plus a few mainstream economists from way in the past. [. . .] We have always argued that it's part of the explanation of the crisis, that the wage share has been

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<sup>233</sup> Remarkably, almost everyone in my sample, across the political spectrum no less, agreed that a global wealth tax would not be practicable.



diminishing [. . .] so the only way to keep up with the Joneses is to borrow heavily.

When asked whether inequality in Canada was too high at present, he said, “Well, it’s probably too high. It’s not as bad as in many other countries,” and we have welfare programs and the like, “but it is certainly shocking to see medical doctors earning as much as they do; they are putting our public health system in jeopardy. And of course it’s shocking to see how much money people in finance make.”<sup>234</sup>

A PEF-affiliated academic economist, when asked whether inequality was an issue, responded simply, “Yes,” especially for rural Aboriginal communities, the inner city, low-income earners, mental health sufferers, and other marginalised groups; inequality would be worth addressing regardless, but these pockets deserve particular attention: “It’s abhorrent that in an economy as healthy as Canada’s we have people who do not have access to safe water, do not have access to basic food, do not have access to affordable housing – and let’s throw in there – do not have access to affordable childcare. [. . .] Definitely it’s untenable.”

This was the view of a CCPA economist who characterised Piketty’s work as a reprise of Kuznets’ ideas.<sup>235</sup> “What he’s tapped into is this idea that the game is rigged,” with 600 pages of data and stories to back it up.<sup>236</sup> This economist went on to prescribe policies to address the issue – affordable housing, childcare, post-secondary education, transit, and clean water:

De-marketise them. De-marketise some element of them. [. . .] It’s a great leveller to have these fundamentals. [. . .] If you provided those things at prices that did not have profits built into them, just covering the costs of them, it would be great. It would not necessarily reduce income inequality, but it would reduce the impact of income inequality.

When asked if it would be sufficient to “vanquish the sting” of inequality, as she phrased it, she said that the only way to pay for her policy prescriptions was to “go where the money is” by taxing the rich, capital gains, inheritance,<sup>237</sup> and carbon. “I

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<sup>234</sup> For example, UOttawa spends \$10 million in management costs for their pension fund annually and he felt he could do almost as good a job for way less – “so that’s part of the inequality.”

<sup>235</sup> Kuznets’ work suggested that the rising tide does indeed raise all boats in the early stages of industrialisation, but Piketty and Saez showed that there may be a reversal of this trend in its later stages.

<sup>236</sup> She did note that some of the best critiques are from Canada, however, where wealth is mainly in real estate and does not follow Piketty’s pattern.

<sup>237</sup> \$1 trillion will be passed down in the next 20 years in Canada, she pointed out.

actually would argue we're going to have to raise revenues to move into the 21st century," she said; healthcare and infrastructure will cost a fortune in the coming decades. "You've got a major infrastructure deficit and we're balancing the books? Who cares?" she asked.

As it happens, the overwhelming condemnation of inequality among my conversants may have been, in part, a function of the selection of full professors as a priority within my interview sample. In my survey of 99 academic economists across the country, there turned out to be a stark generational divide. Among younger economists – everyone younger than the Baby Boomers generation, 52 years of age and younger – support for reducing the level of income inequality in Canada decreased sharply, with fully 35% opposed to the idea of reducing the level of inequality in Canada. Among those aged 53 and older, the vast majority was in favour of reducing inequality; only 11% were opposed.

Among survey respondents as a whole, 77% agreed or agreed with provisos that "the distribution of income in Canada should be more equal." Yet the age differential was extreme – fully 34.6% of academic economists aged 28-40 disagreed with this statement, as compared to 16.7% of academic economists over the age of 71. Similarly, 29.2% of academic economists aged 41-52 disagreed, as did only 13.2% of Baby Boomers (aged 53-71). There was more or less a consistent increase in support for income equality with economists' increase in age, with the older two categories so supportive that they are off the charts of surveys of American economists, including particularly progressive subsets like female economists (May et al., 2014). This is especially remarkable given the fact that income inequality in Canada is already significantly lower than it is in the U.S.

As an additional data point, it is worth noting that on specific measures of inequality Canadian economists appear to be even more the outliers; Canadian academic economists were significantly more likely to think that top executives were overpaid (81% felt this way) than members of the American public (66.8%), who were in turn significantly more likely to think so than American economists (39.39%) (Sapienza & Zingales, 2013, p. 13). As direct measures of egalitarian sentiment among Canadian economics professors, these numbers are truly remarkable.

## *Tax Evasion*

In the course of 58 interviews, I raised the issue of tax evasion in 20 of them and three of my conversants – including one bank chief economist – brought up the issue unprompted. I did not have time to ask the Fraser Institute conversants, nor the C.D. Howe Institute conversants, which may have affected the distribution of the responses. Of those who answered the question, however, only three conversants had a forgiving attitude towards tax evasion and all three were older, right-wing, and, notably, full professors.

One of these professors said, directly, “You can’t blame anyone for wanting to pay as little tax as possible. And I grew up in Britain when the marginal tax rate was 96%.” He described ‘one-hit wonders’ who ended up in bankruptcy court, and others who moved out of the country to avoid the high marginal rate: “The problem is the high tax rate. [ . . . ] There’s a long literature on why taxing consumption is a more economically efficient and equitable thing to do.”

The second professor to take this view picked up on my language, questioning my use of the word “evasion” as opposed to “avoidance,” going on to say, “I don’t think you can blame them” for using legal loopholes; “the job of the accounting adviser in a firm would be to minimise the tax liabilities of his or her company. Why not?” When I asked whether legality and morality line aligned for him in this area, he answered indirectly, saying that the tax system is far too complicated and that he would get rid of most tax loopholes, especially because small firms cannot afford accountants like the big firms can. When I circled back to the question of illegal tax evasion, he said reluctantly, “Yeah, I’m not in favour of doing things that are illegal. But the temptation is certainly there.” He cited the high taxation rate in Québec, saying, “So I don’t condone it completely, but I can kind of understand why people look for opportunities that are there to hide things, even if it’s illegal.”

The third professor who held this view said, baldly, “What creates, of course, a strong incentive to use all that stuff is a high marginal rate;” a person will “have a much stronger incentive” to evade high marginal taxes, which creates a vicious cycle as evasion decreases tax revenue and fuels the need for yet greater tax increases.

He went on to explain that it is hard to measure tax evasion. “Revenue Canada comes up with estimates [ . . . ] and I don’t think the numbers have gone up all that much. And theory says that with reductions in top-end marginal rates they should be

coming down a bit.<sup>238</sup> [. . .] Big increases in top marginal tax rates? I think that's going to screw up the world fairly substantially" and the money will go under ground and into retirement. In what I thought was a noteworthy balance between acknowledging the role of society in individual success and alluding to his own line in the sand in terms of fairness, he went on to say:

I think we should try to teach people to be good people. If you become phenomenally wealthy you shouldn't just get fat; you should spread the wealth around and try to do good – that's a social obligation that you have. And I'm not opposed to a progressive income tax, but a rule of one for you, one for me, seems to be a kind of time-honoured rule, and one for you, *two* for me just doesn't – I understand that the person didn't earn their income all on their own, that there's a social structure and so on, and it takes a village, and Steve Jobs didn't really do it all by himself, but once you get two for me, one for you, two for me, one for you, I'm very uncomfortable with that.

These sentiments seemed to be very much a minority view, however, even among those who could understand the temptation to avoid a very high tax rate. One academic and former Finance Department official, when asked about tax havens, said without hesitation, "They should be closed. They create enormous distortions. Again, they're not about to go away – because we live in a Westphalian world." When I ask what should be done, she asked, "But are they a huge problem?" This seemed to be a genuine question, so I cited a study that suggested 7 trillion USD as a conservative

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<sup>238</sup> We had an interesting exchange along those lines:

Professor: "I guess I'm not viscerally as anxious about people escaping taxes in one way or another as I am about government being overly intrusive in people's lives. But if we had a tax system that was simpler, and fairer, had fewer loopholes, and lower rates, then I think there'd be a much smaller incentive to take advantage of those loopholes and you could be much more outraged by people who would, even so, try to avoid taxation. These days anybody who pays a 50% marginal rate – or higher because of claw-backs of various social programs – tends to sympathise with people who try to evade their taxes. And if you had a much lower rate, I think there would be much less public sympathy for people trying to escape a reasonable rate of taxation. Fifteen years ago it was even worse, with rates of 55, and close to 60%. So there's been some reduction of marginal rates, and I think that helps, but I think we can go further."

Me: "So there's been a decrease in the amount of tax evasion since then?"

Professor: "Um, the *incentive* to evade taxes has come down with the reduction in tax rates."

estimate of global wealth held in tax havens (Zucman, 2013). “Well, that’s not small change. So if they’re that significant then they are a distorting factor. So I could imagine some cooperation around the objective of getting rid of, or moderating the size of, a large distortion.” But when I asked whether she would agree with those who say that tax evasion is understandable if there is a high tax burden, the response is, “Sure.”

The supposition that tax evasion was a minor problem in Canada was common one. One Conference Board conversant said, “Obviously you want people to pay their taxes. [. . .] It’s a responsibility of citizenship,” but asked, “Is it going to have a significant – I mean a truly significant – effect on national accounts? Not sure, right?” I thought the phrasing of the following was interesting: “There’s no shame in optimising taxes, right? [. . .] But evasion is very different.” When I asked whether he thought tax evasion was an issue, he said he had not studied the topic but “I don’t know that we do have a massive problem. [. . .] We have very sophisticated tax authorities, and to put it bluntly, we’re not Greece. [. . .] It’s probably better contained here than in some other countries. [. . .] It will have an impact, obviously, but the question is how big and how sustained.”

With this conversant, clearly the dividing line was between legal avoidance and illegal invasion, which an IRPP conversant put baldly:

There’s always the issue of doing something that’s legal and doing something that’s right. [. . .] If I had a lot of money, I’d probably think about how I could lower my tax burden – I wouldn’t want to be stupid if I had millions of dollars sitting around, but at the end of the day there’s the question of whether people are doing things that are sensible or not.

He mentioned a fellow researcher who found that 20% of Canadian investment flows go to the Caribbean, which makes sense for those countries but for the Canadians involved it is “problematic” and “government should probably be doing something to address those issues.” At budget lock-ups at first he was surprised to see a room full of accountants looking for ways to save clients money on taxes, but then said that it was government’s job to make rules that make sense and it was the accountants’ job to help their clients. He felt it was “sad” if that is your job, however, and it is “not very productive [. . .] tax evasion, tax avoidance or whatever you want to call it, it’s not for productive purposes.”

A mainstream professor turned first to the cause of the issue, saying, “You know what? I’ll bet most tax evasion comes from the people losing respect for the system,”

and that he is worried that people's awareness of tax evasion among the 0.1% makes them less inclined to pay taxes themselves. In Greece people see waste and lose the will to pay taxes. When I asked whether tax evasion was a concern, he said, "I don't think it's a big issue in Canada, so it doesn't concern me a lot," but he preferred taxes like the GST, which makes each store owner a tax collector who is going to make you pay.

Some of the most interesting responses came from the large banks' chief economists, most of whom had clearly given the issue some thought. One had compiled an estimate of the underground economy for the Fraser Institute, concluding that it was 2-4% of GDP, although the Institute initially did not include his paper in their series because the other estimates were in the 20-30% range. He mentioned that the HST<sup>239</sup> had increased this number; it is "a pretty powerful incentive for smaller operations" as it does not apply under \$30,000. He said there was some "off-shore stuff," but that he thought it was less than in other countries: "I don't think we have a culture of that in Canada, and I *think* there's no complicity from the Canadian financial institutions." I asked whether he thought our elites feel that taxation is legitimate, then, and he said, "I think so" and that the top taxation rate in Ontario is 52%, so we are not at the 95% rate that drove Mick Jagger away: "In fact, the highest marginal tax rates are for people making \$20,000-40,000 with children" because of tax-back rates on social spending and the like.

One of his fellow bank chief economists concurred that the underground economy was relatively stable, but that the introduction of the GST and HST "force[d] more activity underground." He said that tradespeople sometimes offer to do work on his home for cash "and I really resent that. [. . .] Once people start getting into that mindset, you get into a bad downward spiral, if it becomes accepted behaviour." He felt that social norms are the problem in Greece; their spending is fine, but their tax collection is poor. On the other hand, he thought tax evasion was "probably not a huge problem in Canada, but I think the federal government should do everything they can to clamp down." He pointed out that it is really only executives who can do it, as it usually concerns investment income. In Canada, he said, "I think legal tax reduction is certainly more than accepted. I think tax evasion is still frowned upon. [. . .] I don't think anyone's going to brag to their neighbour that they're illegally avoiding taxes."

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<sup>239</sup> Harmonised Sales Tax, a combined federal/provincial value-added consumption tax.

A third bank chief economist brought the matter up unprompted, saying, “Wealthy individuals shouldn’t be able to manage to avoid taxes just because they have the luxury of wealth and can hire people to do it for them.” He felt that this is on a “downward trend” and that it “used to be viewed as a smart thing to do. [. . .] I suppose it was always frowned upon” but it is more so now.

This consensus among the bank chief economists was striking, as it much more closely mirrored the views of my left-wing conversants than I would have expected. One CCPA conversant echoed the bank chief economist’s point regarding the group of taxpayers most able to avoid taxes, saying:

The tax loopholes are a huge issue. They’re largely constructed for wealthy Canadians, those are the people who use them – you look at things like the stock option deduction – who gets paid in stock options? That’s what it’s built for. That’s how the top 1% gets paid. When’s the last time you got paid in stock options? And that’s just one of the more egregious ones. There is a whole variety of those tax loopholes that are constructed only for people who get paid in particular ways that most people don’t get paid in.

This conversant went on to describe the corporate side of the taxation question, which is a “total free-for-all,” especially if you have international operations – “you choose what you pay.” Tax avoidance is comparatively difficult on the personal side, on the other hand; putting money in the Barbados is illegal for people, not corporations. But “the tax breaks that are implemented on the personal side go almost exclusively to the wealthy, unless they’re explicitly designed not to.” Furthermore, a lot of wealth is tied up in small businesses, which can allow owners to write off expenses, engage in income splitting, and the like.

A CCPA colleague pointed out that the Canada Revenue Agency (CRA) just took a major cut, some of which was due to automation but some of which was a “mind-blowing” move to cut the big business and international teams, which is where the profits are. “What happens is, when you talk more about tax evasion but you don’t do anything about it, people feel like the game is rigged, people get disaffected, and then they’re less likely to want to participate,” the conversant said. She echoed the point made earlier by one of the bank economists, emphasising that the laid-off CRA employees had more than paid for themselves. She worried that the Harper government’s refusal to work with the G20 on tax evasion could gradually allow social norms to move towards those of Greece: “If you’re paying taxes, you’re a putz.” One of the COMER members repeated the concern about the government’s

management of the CRA, wondering, “Why doesn’t the government pay more money to get smarter people” to keep up with tax evaders? Another COMER member pointed to the cadre of wealthier people profiting from real estate but avoiding taxes on the proceeds.

A PEF-affiliated academic economist returned to the theme of “the people who can afford to evade taxes,” pointing out that we should want to pay taxes to live in Canada. But “I don’t think most economists think about [tax evasion]” and the right-wing is envious of, and apologists for, high income-earners. “I don’t think they understand the scope of it,” she said, and cited IMF statistical discrepancies that jumped in the late 1980s from 1-2% to over 10%, when it became technologically easier to transfer funds overseas without detection.

The above views amounted to a near-unanimous condemnation of tax evasion among heterodox and mainstream economists alike. All but three professors expressed something ranging between distaste and outrage when asked about tax evasion. Notably, only one professor I spoke with thought that a global wealth tax was practicable, yet almost everyone advocated for global coordination on tax evasion – surely just as much of a collective action problem. One professor said, unprompted, that there should be international coordination around tax data and the like: “Am I in favour of that? 100%.” Another professor said, directly contrasting the scepticism around a global wealth tax with calls for international coordination around tax evasion, “I think that has more traction. [. . .] That, of course, calls for some kind of coordinated, cooperative approach among countries.” But of developments in tax treaties to prevent tax evasion, “I think this is very promising.” A colleague concurred, saying, “It’s a significant issue and there’s lots of money involved” for individuals and companies alike, and that global coordination would be good, although the rich fund politicians and it is therefore difficult to tax both corporations and those who are enriched by them.

Another professor said, “I haven’t thought about it. I’m not a fan of tax evasion. Not a fan of that. I think the Canadian banks are engaged in pretty big ways too.” He had read about huge capital flows to the Caribbean; “it’s kind of insane,” although there is “not much we can do in Canada” as the lead has to come from the U.S. and others in the international community. Yet another professor, when asked about tax evasion, said, “Sure, sure. That should not happen,” although it is hard to do anything about it. When I asked what should be done, the response was: “It’s a bit beyond



economics. You should just obey the law,” and we should increase the resources allocated to monitoring the issue, as per the U.S. deal with Switzerland. Furthermore “it’s probably a smart idea to have amnesty, partial amnesty [. . . and] use the carrot instead of the stick. [. . .] But it’s a problem, sure.”

Another professor agreed with the need to exchange information internationally, and explicitly referred to the power imbalance at play, arguing that it is “not clear what benefit to society” tax evasion serves, and “it looks easy on paper – just shut down the Cayman Islands,” but that the people who have money there are probably “pretty powerful.” Besides which, “capital is very mobile; that’s why it’s hard to tax” while, on the other hand, “wages are pretty good for that” as they are transparent and immobile. But “it’s important, and it’s a concern. [. . .] The best tax is one that has a very wide base and a very low rate” and tax evasion makes for a narrower base, which creates a vicious circle. This occurred with cigarette taxes; contraband became more common as taxes increased. This professor advocated for a combination of lowering rates, simplifying the tax code, and increasing enforcement, as “tax evasion is a problem for everyone. We’re all paying more.”

One mainstream professor surprised me by analysing tax evasion in the sociological context of power relations, noting the public’s lack of recognition of the severity of the problem until WikiLeaks and others “documented just how egregious the evasion is, so that can be a serious problem.” He went on to say that “sociologists point out, quite interestingly, that a social problem is a construct” and that, when asked to cite examples of social problems, his students usually fail to mention tax evasion, perhaps because “it’s a white-collar crime” and is not frequently brought to the public’s attention – although they will agree that it is a problem once the issue is raised. Furthermore, he continued, sociologists talk about “how power structures control the message” and cited the work of William Domhoff,

... who’s a very left-wing radical, but publishes a lot of books, a lot of them very interesting. And he has books about what he calls the ‘power elite’ in the United States. [. . .] So there’s a lot of work coming out now showing just how influential the super-rich are – in politics, for example, we know now that, there’s a recent study that came out of Princeton about how the policy desires of the top .1% or .01% and everybody else and then you look at what was actually voted on in Congress – it’s almost completely lined up with the top interests.

This comment was surprising because it was one of few examples in which one of my mainstream conversants a) cited, and discussed at length, publications from another

discipline and b) took seriously the work of a “left-wing radical” even though he clearly identified with a different set of political beliefs. This professor, despite displaying a greater degree of awareness of the issue and the causes of it, went on to say that “I think it’s very pronounced in the States, much more so than Canada.”

Finally, perhaps the most strident statement came from another mainstream professor: “I am with the general public. I think it’s morally wrong.” He said specifically that all of the money should be confiscated if tax evasion is detected, not just back taxes, fines, and penalties, and that Canada should sign tax treaties and ban travel to countries that refuse to sign: “I’m in favour of very strong measures to prevent tax havens.” Again, this statement – and these proposed measures – was in fact harsher than the positions many of my left-wing conversants felt comfortable taking.

Among survey respondents, 25% did not think tax evasion was a problem, and again a large proportion of these responses was concentrated among the young (more than half of whom who answered the question felt tax evasion was not a problem). As for whether penalties for tax evasion should increase, 26.5% said no, but this reluctance to penalise was concentrated among the middle age groups (ages 41-71; only 54.2% of the 41-52 cohort supported such punishments), whereas the young (88%) and the old (81.8%) both were overwhelmingly in favour of increased penalties. Interestingly, only 9 survey respondents correctly identified tax evasion as a more significant problem in Canada than it is in the U.S.

### Altruism/Self-Interest

There was no other question that so nearly randomised my conversants’ answers. In response to the question of whether the humans species was cooperative or self-interested, one COMER member referred to “human greed” and the tendency to be corrupted by power, while another said of human nature, “There’s good; you need any evidence for that?” Bank chief economists agreed with heterodox economists; Fraser Institute economists argued that we would need bigger government if humans were not so cooperative, while an academic and long-time public servant expressly called the human race “self-interested” (and said that “there’s a characteristic of humans called greed. And no one’s figured out how to cure them of greed.”). In short, within my sample there was nearly no correlation between

conversants' views of human nature and their life's work or political views. Yet several interesting themes emerged.

First, the extreme range among COMER members is worth noting as, in the course of other questioning, they tended to fall towards the far left of the political spectrum. One member was clearly motivated to work on monetary reform in order to curtail what she saw as a dangerous human tendency towards greed, while another was motivated by a belief in human goodness. Similarly, to hear a centrist former senior official of the Department of Finance characterise humans as 'greedy' came as a surprise.

One academic economist also saw a human tendency towards greed, regardless of culture, saying, "Just because you're an American or a Canadian, you're still trying to maximise your profit. You're trying to diddle the other guy as best you can; that's what competition is. [. . .] I think we're all self-interested. For sure. But sometimes you'll have trouble seeing my behaviour as me being self-interested." He was right; this professor had taken his economics students to speak with homeless people directly, and his work in the area could only be called exemplary. Furthermore, he said, "I give to charity because it feels good, and it seems necessary," and he was the only conversant to mention people with disabilities. Yet he said of humans, "I firmly believe we're all autistic; it's just some of us are further down one end than the other."

The above individual did not make explicit the argument that two conservative professors and both Fraser Institute conversants went on to elaborate upon, but he alluded to it – namely, the idea that what looks like cooperation is really self-interest. As one professor said, "Well, I'm a Smithian, and I think our self-interest drives us to cooperate. [. . .] Maybe not everything, and maybe not even the most important things worth studying" are covered by Smith's conception, but "in economics I think a lot of stuff is that kind of stuff." He went on to indicate that several psychological studies have shown that that is not exactly true, "and I'm willing to buy that," but in a lot of cases, he continued:

To get useful predictions out of what's going to happen, we probably don't have to consider all of those behavioural complications. For other problems maybe we will behave in perverse, irrational ways, and if we observe that kind of behaviour, well, we'd better work on a different explanation. [. . . But] when analysing the price of potatoes we probably don't need that.

For fiscal and monetary policy, he said, “I think we have all the tools we need,” but we probably need psychology for poverty and other such issues, although you may find that people are behaving rationally and not “something stranger.” He believed that that Smith, Ricardo, and Marshall all “had a deep understanding that people were kind of strange.”

A fellow conservative academic averred, when asked where on the spectrum humans fall, “In the space between *The Theory of Moral Sentiments* and *The Wealth of Nations* on my bookshelf!” To him Smith’s invisible hand meant that “self-interest induces cooperative behaviour.” As a near-majority of my conversants agreed, “Well, we’ve got to start somewhere” and *homo economicus* is a helpful, if not always completely accurate, tool for economists:

In a huge, huge range of cases, rational maximising behaviour is just the same thing as consistent behaviour. Because after all you can’t see utility function. [. . .] So it’s a fairly innocuous assumption in all sorts of places. [. . .] The difficulties arise when you’re dealing with situations where the outcomes are risky. [. . .] So I would just as soon stick with maximisation. My beef with modern economics is they don’t pay enough attention to those coordination issues that have to do with the monetary system.

A more extreme version of the above Smithian argument, that self-interest drives humans to cooperate, was expressed by a Fraser Institute conversant:

We’re beings that cooperate . . . It’s also the idea of the collective is built right in – the feeling that we have to support other people is built right into us. Cooperation is the result of a selfish instinct, that we cooperate because it’s in our self-interest to cooperate – so everything from blood-sucking bats to orcas are cooperative producers.

His Fraser Institute colleague made a similar point, but did not invoke self-interest at all; instead he invoked Ayn Rand in making the point that we would need much more government if humans were not cooperative.

Two conversants made the argument that cooperation tended to be restricted to a narrow set of circumstances. One bank chief economist claimed that we are more likely to cooperate with family members and the groups closest to us, but not to the exclusion of strangers:

It’s a little bit like social Darwinism, right? Maybe you help people whose genes are closer to your own, right? There’s all that theory. But to a certain extent, we do cooperate. You know, I’ve been in situations . . . Lots of times, people will do

something for a total stranger, but it helps if they have some sense of affinity in some way.

A mainstream academic economist made a similar point, setting out a narrower conception of cooperation:

I am cooperative with my wife and with my children and with my other family members. But as I keep getting further and further, I am more concerned with myself and my family, if you like, than with others. In my relationships with broader society, I want to protect my interests, and promote my interests.

This was a common view; whether the conversant fully believed in *homo economicus*<sup>240</sup> as an accurate portrayal of human nature, s/he tended to see it as a useful tool. Again, this view came from a surprisingly wide range of economists. One CCPA economist said, “A rational self-interested model can be a useful model in some cases,” adding that his problem had more to do with the absence of time and debt in economic models.

Several mainstream academic economists concurred. One stated that:

Life is rarely binary. So do I think people like you or I respond to financial or price incentives, like those produced in markets? Yes. For many things? Yes. For everything we do in life? No. [. . .] Love and compassion and generosity and altruism – all of those things are important. But I would say, if you want to understand market transactions, [. . .] which are a huge fraction of what’s going on with life, I think modelling things as *homo economicus*, or modelling things as people respond *in part* to incentives – I can’t imagine dispensing with that idea.

Another professor said of *homo economicus*, “Well, certainly I don’t believe it. But it is a convenient tool. [. . .] Do I believe that individuals and companies behave slavishly, totally rationally on this and nothing else? No.” But although these assumptions are not perfect, “it’s a very reasonable way of going about doing it.” He used the example of raising the minimum wage: first-year economics students are taught that it increases unemployment, he said, but “I would say there is not a consensus on this” and that the research is mixed; there is some evidence of monopoly power at the selling end and at the wage end, so there is no perfect competition. “Like Walmart?” I asked. “You’ve got it. That’s Exhibit A,” he said; “Well, there’s a case where slavishly following a very simplistic analysis – with a nice little assumption of perfect competition, by the way – can lead to quite questionable and

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<sup>240</sup> The rational, atomistic, self-interested human – “representative agent” – of many economic models.

seemingly unrealistic conclusions. So you have to be very careful with the assumptions you build in.” He went on to remark, ruefully, that he had bought a house essentially to warehouse the furniture from his childhood home after his mom died; “The biggest economic decision I made in my life was based on emotion,” he said, even though interest rates were really high then – perhaps not the most rational of decisions, but not a bad one.

A fellow mainstream economist concurred with the view of the assumption of rationality as a useful tool, saying:

The vast majority of economists would – and I would certainly say – it’s not an accurate description of human nature, that lots of other things like altruism and so on play a role. [. . .] Whenever you try to model behaviour, you have to simplify; you have to abstract from the complexity and focus on the core. So the big issue is: are you making simplifications that are unimportant at the margin, or are you making simplifications that are really fundamental? And that’s a tougher problem. For people who have been defending standard neoclassical economics saying that we’re going to assume that people are fully rational, they’re well-informed, they maximise utility subject to a budget constraint, they know that that’s not accurate, not strictly how they behave, but they nonetheless think that the predictions you get from those sorts of assumptions are useful.

Another mainstream academic seemed slightly irritated by the question, saying, “I think the question is a bit misplaced in a way, or missing in nuance.” He stated that people think economists believe that people are *homo economicus*-like, but no one is that extreme. If you assume the opposite, however, “it’s very sloppy” and “very descriptive.” *Homo economicus* simply allows economists to look at things a bit differently; economists think obesity might be related to food prices, for example, and the *homo economicus* construct can help us think about crime and the like, whereas “if you think that people are criminals because they’re irrational, none of these policies would have any impact and we shouldn’t think about them as useful tools.” We can look at other factors if *homo economicus* is not explanatory, and do not have to believe in the concept to work in economics: “It’s really just an elegant working tool to explore certain motivations, how important are incentives, that sort of thing. So if you ask me personally where I think people stand, I think it’s kind of in the middle. I mean, clearly people are self-interested, but they’re also generous to their community and things like that.”

Another academic economist shared this view:

We're somewhere in between [self-interested and cooperative]. [. . .] It's clear that it's very extreme, but going the other way and thinking they're very stupid is probably not very fruitful either. So there are obvious reasons why they might not be completely rational [. . .] but as a general rule I think it's a good approximation, and since it comes with being an economist too. [laughs] I will be surprised if you would get a very different answer, whoever you ask.

Yet another mainstream economist said, when asked whether he thought *homo economicus* worked well as an assumption:

We have some evidence that when people do experiments and they look at the predictions for various games, that you see more cooperation than you would expect. [. . .] But I don't think it's something you can rely on. Basing our policy on everyone being good-willed I think is a mistake.

The theme continued, even for economists who had an opinion about human nature that did not line up with the *homo economicus* model; another mainstream academic economist said that "fundamentally, most parts of economics is about individuals being selfish, self-interested, etc.," which was "a very useful assumption" even though he did not think people were like that. Milton Friedman used the analogy of playing pool; most people are not expert in geometry but still make similar moves in the game. In the end, this economist argued that humans are "something in between [cooperative and self-interested]."

This was also the view of a third COMER member, who claimed that humans were

... somewhere in the middle, but it's a pretty wide middle. Some people I think would say that humans are hard-wired for competition, but you can make a very good case that we're hard-wired to be compassionate and cooperative as well. The louder proponents of somewhat unregulated free enterprise talk about competition as what does it, but no head of a business wants competition – he wants certainty.

Two bank chief economists agreed. One said that humans were "somewhere in the middle" and that she thinks about it a lot; sometimes she can scarcely believe how bad people are from watching the news – and yet, "people are capable of a sense of community and a sense of family and of taking care of each other, and the more we can incentivise that the better," while at the same time "there's such low tolerance for people who are different in whatever way."

Her counterpart at another bank said:

I think every individual is different, and I think every society is different as well. It's probably a cliché, but countries like the Scandinavian countries seem very cooperative, whereas countries like the U.S. seem very competitive – and the Chinese too. [. . .] Canada probably falls neatly in the middle there. I would say that we're probably still a little bit on the cooperative side, but I would say it was, over time, over the last 30 years, it was more on the competitive side, I would say. For better or for worse.

Two conversants who perceived humans to be both cooperative and self-interested stood at nearly opposite ends of the political spectrum; one was likely the most conservative academic economist I spoke with, while the other was an academic economist who mentioned donating to the CCPA. But their notional oppositional positioning would not necessarily have been apparent from their answers.

The conservative professor said, "I think they're both. They're largely self-interested but you can get so much from cooperation," and a person has more to gain with a good reputation. When I asked whether he judged *homo economicus* to be an accurate portrayal of humans, he said that his models often use rational expectations, but people do not have that kind of "calculation power." He mentioned agent-based models, which he thought had potential, but said that the rational expectations assumption is "very tempting" for economists because it simplifies things; "one of the biggest shortcomings of economists is to address problems because they're simple and not because they're important."

The other (progressive) professor said:

It's both. [. . .] There's the Wealth of Nations Adam Smith, and there's the Moral Sentiments Adam Smith. People are tremendously motivated by collective identities in various forms, and people go crazy if they're unable to have contact with other people. This is why solitary confinement is torture – because we literally go mad if we are not with other people. But at the same time, betting against people doing what's in their best interest is not generally wise. So we're both, and that's what makes economics interesting.

A similarly diverse constellation of conversants answered that humans' tendencies towards cooperation or self-interest were contextual; a bank chief economist, a left-wing academic economist, a mainstream economist, a Conference Board economist, and an IRPP economist all agreed on this point.

The left-wing academic economist viewed the spectrum, in fact, as spanning the poles between individualistic and socially constructed (in terms of both human behaviour and identity). She then said that she viewed humans as largely socially constructed, their behaviour contextual, and she viewed the economy that way too.



She felt that “economists have internalised this notion of the rational human being” and that things happen without agency on the part of people, communities, and institutions. Just as she has nothing to back up her belief in bigger government, neither can others back up their belief in small government – “but at least I admit that it’s a belief.”

The IRPP economist explicitly considered the distinction between cooperation or self-interest to be contextual, and viewed *homo economicus* as a caricature. He spoke of studies of the Ultimatum Game in which economists tend to think that people should take a penny because it is “in your interest,” whereas he himself thought that “50/50 is a sensible split” and that “you need a model that has some sense of fairness; [. . .] thinking of the world that way changes the way you interact with people” and can make you “strategic, heartless maybe.” When I asked whether he viewed humans as cooperative, he answered that it depends on who we are with. He went on to say that models built on rational assumptions still get you somewhere, but you then have to go further.

A Conference Board economist laughed, saying, “I think that’s a – that would be an overly simplistic way of analysing humans. I’m over 60. I think people cooperate when they have collective objectives and concerns and opportunity; certainly people can be self-interested,” but it is not something you can put on a 1-to-10 scale. “Well, people are self-interested, but they can be interested in their community. I think people can show a great deal of concern about each other depending on the situation” and engage in “lots of good cooperative behaviour as well.”

A mainstream academic economist characterised the human brain as a Swiss Army knife, with tools for different situations; one of his issues with behavioural economists was that they did not sufficiently acknowledge the role of context in human behaviour. As for *homo economicus*, “It’s a pretty good way to start. [. . .] In terms of its accuracy, people don’t behave that way, but they do behave in ways which I think we can get a handle on using evolutionary psychology.” He cautioned against the naturalistic fallacy, speaking of purported differences between boys and girls; “there’s nothing wrong with saying we should change things to try and make things better,” he claimed, regardless of what nature and nurture have currently shaped in us, pointing to the flexibility of the human mind in the face of a changing environment. “Somewhere in the middle, you get the possibility that, in an entirely genetic model, there would be a gene for learning and being affected by culture.” He

went on to note that studies show that people in capitalist countries are more honest<sup>241</sup> than people in communist and former communist countries – but officials are corrupt there, he suggested, and social norms have a lot to do with how we behave in such contexts.

The mainstream academic economist above was, along with one of the bank chief economists, one of the few conversants to speak in normative language and prescribe an approach as healthful or helpful. This was striking. The bank chief economist suggested it “depends on what you’re talking about. In many cases we’re very cooperative; in many cases we are very competitive.” In terms of business, “I think we have to become more cooperative, and less competitive in certain areas.” He went on, “I think you’ll find that institutionally we have to move to a more cooperative model.”

In answer to the same question, his counterpart at another bank said:

I don’t know, somewhere in the middle, I guess? I come back to the economics of happiness – sense of community, interacting with people, helping other people, always rates high in every country we know how people do it. But there’s a fair bit of self-interest at the same time, so it’s a balance of the two. And Canada – almost anything you can think of, Canada comes right in between Europe and the United States. We’re a little bit of the European influence – more egalitarian, more cooperative in that sense, but a little bit like the United States as well.

A C.D. Howe Institute conversant said, “Well, clearly we’re social animals. So cooperation and altruism are built way, way in. [. . .] Unfortunately some of that cooperation is against other groups of humans.” He continued, “I work in a charity” and they are dependent on people’s generosity, but people also respond to incentives and “will pursue their own self-interest at times,” so it is a “constant struggle to align incentives,” even among teachers, doctors, and the police; he invoked the concept of fiduciary duty as well. In all, his view was that

. . . . we’re a mixture; the cooperative end of it is extremely strong, and that’s why we’re having this conversation, even. But then the competitive analysis is also very useful for figuring out how people’s interests might diverge from what you might like them to do, and with any luck you can find ways of mitigating that.

Finally, a plurality of conversants claimed that humans were on the cooperative end of the spectrum, if to varying degrees. Conversants in this camp included a Bank

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<sup>241</sup> In studies of the rate at which a (planted) lost wallet is returned.

of Canada economist, a COMER member, a bank chief economist, one mainstream and two heterodox academic economists, a Conference Board economist, and a PEF-affiliated economist; if one includes the economists who believed that our self-interest leads us to cooperate, the plurality grows considerably. Each economist had a slightly different take on the issue, however, and there was a range of assumed cooperativeness even within this group.

The Bank of Canada economist suggested:

I think people do want to cooperate . . . That's the nature of community. You can't have a community without cooperation, so I'd put us more towards the cooperative scale. Because there's a lot of challenges we can't face individually – I think that's perhaps more true for Canada, because we have inclement weather – you need your neighbours to help push your car out of the snow bank.

One bank chief economist laughed, saying, “Generally – broad generalisation – we're more cooperative, but it probably varies by age cohort as well. Younger people are probably more cooperative than older people. [. . .] There's more collaboration going on than when I was young.” This statement ran counter to the view of his bank counterpart earlier, who held that cooperation had declined in recent years.

A Conference Board economist said, “Oh my goodness. Humans! The nature of humankind. Well ultimately, I think it's about getting the balance right. Most people I think are naturally cooperative.” He mentioned how his team loved cooking together on their retreat, then employed a sports analogy: you can have individual stars, and cooperative teams. “Clearly Soviet-style cooperation doesn't work – because that's coercion. Same thing with the ends of the political spectrum. But I think the healthiest societies are those which get the balance right.”

One heterodox academic economist said, “I think that a lot of studies have shown that people are usually ready to be cooperative.” He had been reading about Ayn Rand's view on the topic, and “some people act like this, and I think in particular students of economics tend to start behaving like that. *[laughs]* But I think naturally people are on the other extreme. I mean, in general.” A heterodox colleague said, “Depends if you're a Leviathan or not. I think it – not to be cliché – but I think it takes a village. To do anything.”

A PEF-affiliated economist put it more baldly:

The defining feature of humanity, of *homo sapiens*, is we're the only species that can cooperate on complex tasks outside of our immediate family unit. [. . .] Any

social science other than economics laughs out loud at this idea of *homo economicus*, and realises that we never would have survived when we descended from the trees if that's actually how we were. And slowly, some economists are recognising a lot of cooperation and interaction and trust and so on are essential to everything we do, even in a free-market setting. So the idea of *homo economicus* is one of the axioms that is driven not by an observation of reality, but one of the axioms that's put in place to support the theoretical edifice of the Walrasian general equilibrium.

He went on to conclude that it was an "odd and backward way to develop a theory. [. . .] Usually when you develop a theory, you look at the world and you try to come up with something that simplifies and explains the world. But the neoclassical model is very different."

A mainstream economist concurred, saying: "Well, you see, all of life is variety, but relative to what anyone in economics would tell you, we're much more generous and cooperative. Relative to what the Dalai Lama would say, maybe about the same. I think I agree with him on that." He spoke of psychological studies of children of just 18 months:

These kids are just naturally generous. They are made happy by being generous. We train it out of them. [. . .] People are happier when they're generous. We have a lot of experimental evidence – it's not just the correlational stuff. [. . .] It shouldn't be a surprise that cooperative modes and norms have survival power, especially in complex societies.

"What you have to do is create social identities that are broader. And so they have to span generations and span borders," he went on, describing studies demonstrating the benefits of shared as opposed to individual laughter.<sup>242</sup>

This was the same professor who was understandably irked by my request for him to sign a consent form, as he viewed the interview as a gift of his time (which, frankly, it absolutely was); the introduction of a transactional, legalistic formality at the end was insulting. In that vein, it seems important to note the cooperative behaviour that my conversants displayed in the course of my fieldwork.

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<sup>242</sup> He also made a series of captivating observations about the Milgram experiment (in which prisoners and guards famously descended into an ugly oppositional relationship), asserting that the dark outcome is not inevitable and that the resistance model – "the Robben Island version" – can arise in the right circumstances. But he went on to say, "and I get very cross at both of them, right? I say, for god's sake why don't you think beyond this us-them stuff that drives sociology, drives social psychology," pointing to a study in Australia that showed that a third model works well if you provide opportunities for guards and prisoners to cooperate, and both groups are happier this way.

First, my response rate was high. The great majority of the people I contacted agreed to an interview, itself a cooperative act.<sup>243</sup> One IRPP conversant gave me *three hours* of his time at a crucial stage of my research (the beginning), orienting me to the discipline as a whole. Six others spent two hours with me, and 15 conversants spoke with me for at least an hour and a half. Fully 29 of my conversants offered to help in some way, many of whom sent me research details that I had requested, answered follow-up questions, and more. Several bought me coffee. Someone offered me chocolate. One person paid for breakfast, and another (rather right-wing) economist paid for more than his share, saying, "I'm not a PhD student. I make more money than you." Two people gave me a ride, and another person offered me one. Five conversants gave me materials – books and articles – to take away with me. Although many of these cooperative acts came from economists who skewed left relative to my sample as a whole – all but one of the COMER members is included in the list above, for example, as well as all four heterodox academic economists and all but one PEF-affiliated economists – a number of the most conservative academics, in addition to two out of three Conference Board economists and two C.D. Howe Institute economists, can be included here. Quite apart from the rides, food, books, and coffee, and wherever humans may fall on the spectrum between cooperative and self-interested (and, indeed, regardless of whether economists are different in this respect), these acts of generosity have been indispensable in the development of the dissertation of this particular human animal.

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<sup>243</sup> The two exceptions were the Department of Finance, which refused all requests, and the Bank of Canada, to which I wrote emails to half a dozen people and received a centralised reply proposing a single conversant to meet.

## Discussion

### *The Homogeneity of Canadian Economists*

Research tells us a number of things about economics. Among the social sciences the discipline is unusually hierarchical and preoccupied with rankings, including of academic journals and university departments (Fourcade, 2009; Fourcade et al., 2015). Economics education globally has also seen a marked convergence of thought over the past few decades – especially methodologically, but in terms of its students' and professors' views on the economy and economic policy prescriptions as well.

My results suggest that the Canadian case is no exception in this regard. Among Canadian economists as well as within economics education in Canada more generally, there appears to be a clear hierarchy and a high level of homogeneity; diversity within economics in Canada may, to the extent it exists, be intra- rather than inter-departmental. Despite this, Canada may have a slightly higher concentration of heterodox economists than other countries; global lists of heterodox economists include a significantly greater heterodox-per-capita ratio in Canada than in the U.S. and the UK, for example (Lee, 2009), although this could simply mean that the Progressive Economics Forum in Canada is more organised than equivalent organisations elsewhere.

Regardless, it does appear that my heterodox conversants' fears of marginalisation are grounded in fact; it is rare indeed to find a heterodox economist in any of the top departments in the country, and in the course of my research heterodox concepts almost never arose in conversation outside discussions with heterodox economists themselves. Among mainstream conversants I sometimes observed a curious conflation of heterodoxy with Marxism or Soviet-style economics, the latter of which can be more readily dismissed as outside the realm of reasonable debate.<sup>244</sup> Interestingly, a similar misconception was repeated elsewhere in my sample, as follows: my heterodox conversants viewed Committee on Monetary and Economic Reform (COMER) members as 100% Money adherents, whereas most of the COMER members I spoke with wanted to preserve some (still much reduced) form of fractional reserve banking.<sup>245</sup> As above,

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<sup>244</sup> Although many heterodox economists would consider themselves to be quite left-wing, few would ally themselves with the ideology of the former USSR or Marx; this distinction may be one of which some mainstream economists are unaware.

<sup>245</sup> Fractional reserve banking refers to a system in which banks are permitted to hold a fraction of their deposits and lend out the remainder up to several times over (thereby creating money in the process), whereas 100% Money adherents would advocate for a system in which a bank can only lend out the money it has on deposit and no more.

some mainstream economists associated heterodoxy with Marxism and/or the former USSR. Some progressive or heterodox conversants viewed mainstream economists as much more rigidly laissez-faire than they turned out to be, while a Fraser Institute economist felt that the mainstream was almost exclusively Keynesian.

All of the above reveals some misconceptions Canadian economists may hold about other groups of economists. But it is also worth noting that all of the above beliefs ascribe to these groups a political orientation that is much more extreme than the views they in fact hold. What this may reflect is that the political spectrum – in Canada as a whole, perhaps, but also among economists – is narrower and less varied than many conversants assume. Indeed, as my results suggest, there is a pronounced degree of homogeneity in the discipline of economics in Canada, even if heterodoxy has slightly more of a presence than is common elsewhere. This was very much in line with research on groups of economists in other countries.

Even so, Canadian economists' homogeneity may have its own particular character. In the U.S., studies suggest that the ratio of Democrats to Republicans within economics departments is the lowest of all social sciences, at 3:1; other departments are much more uniformly left-leaning (Klein & Stern, 2005, 2006). In Canada, economics professors appear to be heavily concentrated in the middle of the political spectrum, which is nevertheless significantly to the left of its American equivalent. Within mainstream academic economics fully 50% claim to vote Liberal (somewhat left-leaning on the Canadian political spectrum), while only 14% vote Conservative (the only right-wing federal political party in Canada) and 8% vote for the New Democrats (social democrats; left-wing among Canadian political parties). Although results vary election to election, there are substantially more Conservatives (normally over 30% of the popular vote and sometimes close to 40%) and New Democrats (normally 15-20% of the popular vote, with a surge in 2011 to over 30%) among the Canadian population as a whole than there are among academic economists. Canadian economists on either end of the Canadian political spectrum – which is narrow to begin with<sup>246</sup> – are mainly concentrated outside of academia, in other words; they are to be found in think tanks like the Canadian Centre for Policy Alternatives (CCPA) on the left and the Fraser Institute on the right, as well as among self-taught economists such as the group of

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<sup>246</sup> None of the major political parties in Canada is anti-abortion or opposed to gay marriage, and they are all in pro-immigration and in favour of universal public healthcare, for example; there is an uncommon degree of consensus in Canada on many of the U.S.'s most contentious political issues, as one of my conversants observed.

COMER members I interviewed. Thus even in a political system with a high degree of consensus, Canadian academic economists' voting patterns were yet more homogeneous than those of the population as a whole. Homogeneity – politically and methodologically – does appear to be common to the field elsewhere as well, however, and in this respect Canadian economists are unexceptional.

### *The Cohort Effect*

My results yielded some surprises, however. A multitude of misattributed quotations echo the trope that to be a conservative when young is to lack a heart, and to be a liberal when old is to lack a brain. Among Canadian economists, this pattern is turned on its head; older professors are, on average, more critical of income inequality, and more supportive of critiques of the economics profession that have emerged in the wake of the 2007-2009 financial crisis, than their younger colleagues. Indeed, I observed a late-life flowering of intellectual curiosity, societal concern, and interest in public policy among a significant percentage of older academics – particularly those considered by their peers to be among the most eminent in their field.

Similarly, the view has generally been that nationality does not much affect economists' methods or political views (Önder & Terviö, 2014), given the homogeneity of the profession at a global scale. Yet older Canadian economics professors appear to be almost half-way between U.S. economics professors and – quite remarkably – U.S. sociology professors, the furthest left of the major academic disciplines cited in a study by Fourcade et al. (2015, p. 107). On issues such as the alleviation of poverty at the cost of higher national debt, 90% of U.S. sociology professors, “barely half” of U.S. economics professors, and only a third of U.S. finance professors supported the proposition (ibid.); nearly 70% of Canadian economists from the Baby Boomer generation did so. The results on inequality are even more extreme; older Canadian academic economists are significantly more supportive of reducing inequality than American economists and the American populace (of whom 66% were supportive) (The New York Times/CBS News, 2015), and these older academics (at 86.8%) are also more critical of inequality than the Canadian populace, of whom 84% felt income inequality was a concern (Stratcom Strategic Communications, 2017). Even including the younger cohort, Canadian academic economists' views on income inequality are less than 10% away from those of



their layperson brethren's, with 77% in favour of reducing inequality, and somewhat surprisingly they are also significantly more supportive of efforts to decrease income inequality than are academic economists in Sweden (under 40%)<sup>247</sup> (Berggren, Jordahl, & Stern, 2009) or women economists in the U.S. (63.1%) (May et al., 2014, p. 129). Strikingly, on this question the older cohorts of Canadian economists are in fact aligned with Swedish gender studies and sociology professors (Berggren et al., 2009) – two of the most left-wing academic disciplines in one of the most left-wing countries in the world.

There are several possible explanations for these results. First, however, it is worth examining some of the factors that appear not to have much influenced the cohort effect. My results were fairly clear: there was no apparent link between one's current political views and one's family's political views growing up, and even the influence of economists' graduate school training – which they may have chosen in part to align with their views – was relatively insignificant. Family income during my conversants' and survey respondents' formative years, similarly, did not appear to affect their later political leanings, even though all cohorts in my sample benefited from very high average incomes relative to the population as a whole. The younger survey cohort had been raised in households that, with an average annual income of \$195,133, fell close to the top 1% of income distribution in Canada (\$206,900) (Veall, 2012, p. 1252), whereas my older survey cohort estimated their household's annual income (during their high school years) at \$82,340, adjusted for inflation. Although it is difficult to make a direct comparison, partly because GDP per capita in Canada (in constant dollars) has nearly tripled since 1960 (World Bank, 2016) and partly because Canadian income distribution has changed in that time, \$82,340 would have been up to four times higher than the average income per capita during my older cohorts' formative years, approximately the same multiple of the average income as the younger cohorts' households' income would be some decades later. All cohorts, then, came from wealthy families on average, and wealthier people (elites) are more likely to be exposed to self-interest priming and socialisation that can inhibit prosociality (Kraus et al., 2012; Piff et al., 2010, 2012) – yet Baby Boomer economists ended up holding markedly more egalitarian views than their

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<sup>247</sup> Income taxes are higher in Sweden, which is likely at least a partial explanation for the fact that Canadian academic economists are almost twice as likely as Swedish academic economists to support the idea of reducing income inequality. That said, income inequality is higher in the U.S. than in Canada, yet American academic economists are less likely than their Canadian peers to be in favour of reducing inequality.

younger colleagues. Thus it does not seem that family income, family political orientation, or graduate training has much to do with the cohort effect I observed.

A few differences among the cohorts did appear, however. One possible reason for the age-related differences in political views – perhaps correlative rather than strictly explanatory – is that 65.4% of academics under 41 listed “Because I was good at it” as a motivation for studying economics, whereas only 20.8% of all economists over the age of 67 listed talent as a reason to enter the field. As per the literature on intrinsic and extrinsic motivation detailed above, there may be a difference between those who enter a profession out of curiosity as opposed to those who join due to the draw of external validation or cognitive ease.<sup>248</sup> Furthermore, if academic economists are now disproportionately people whose cognitive and learning styles lend themselves to economics, that could affect the overall cognitive diversity of the field and contribute to a tendency towards particular political leanings among economists as a group. Indeed, it is worth noting that none of my COMER or heterodox conversants cited talent as a reason to study economics, and only one left-wing think tank economist did so; as a group, these conversants’ views on issues like inequality tended towards those of the mainstream Baby Boomer economists in my sample. It may therefore be worth further exploring whether the younger cohorts’ initial motivations for studying the subject are somehow related to their political views’ marked divergence from those of their older colleagues.

Such future research would do well to investigate beyond inter-cohort differences, however; it might otherwise bypass one of this study’s most intriguing findings, which is as follows: even within cohorts – among economists of the same age, who were exposed to the same historical events, social norms, and the zeitgeists of their common era – those who were exposed to economics before university appear to have a markedly more laissez-faire view of economics and political issues. Even in the older cohorts in my survey sample, in which talent for the subject was a relatively rare consideration for joining the field (20.8%), fully half of those who had studied economics in high school listed “Because I was good at it” as a motivation for becoming an economist. They were also slightly less likely (72% as opposed to 77%) to believe that incomes in Canada should be more equal, significantly less likely to believe that the Canadian government should tax inheritances (58.3% versus 71% in the sample as a whole), and less likely to

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<sup>248</sup> As noted above, the job market for younger economists is much more difficult now than it was for the Baby Boomers, and for this reason alone such a trend is perhaps to be expected.

think that executive pay was too high (76% versus 81%), even though this group skewed younger than the sample as a whole and the younger cohorts were somewhat more concerned about high executive pay (84.6%) than the other cohorts (79.8%). Within my qualitative interview sample, the contrast was yet more extreme; none of my left-wing conversants had been exposed to economics in high school, and conversants with early exposure to economics were – almost without exception – markedly more right-wing than the others I spoke with.

Most of the studies of the effects of economics education on students' thinking and assumptions regarding human behaviour have been conducted on undergraduates, as this is most people's first exposure to the discipline. But it is worth considering whether the age<sup>249</sup> at which one first encounters economics has an effect on the extent to which the outcomes documented in my literature review – for example, the increased tendency towards a calculative, self-interested mindset that can accompany exposure to mainstream economics courses (Carter & Irons, 1991; Wang et al., 2011; Wang & Murnighan, 2012) – end up manifesting themselves in economics students. This is over and above the selection effect, which appears to skew economics students towards those behaviours and beliefs as well (B. Frank & Schulze, 2000). Most of my older conversants did not take economics in high school, whereas this was much more common for the younger cohort. Given the rapid increase in the number of economics courses offered at the high school level, it is worth investigating whether economics education at a younger age could have an effect on an economist's outlook later in life.

As the literature review in Chapter 2 shows, in experimental conditions fourth-year non-economists offer almost 50% of the allotted cash to their partners in the Ultimatum Game,<sup>250</sup> while fourth-year economics students' offers are among the lowest of all disciplines (Carter & Irons, 1991; Etzioni, 2015). Even simple exposure to money priming can have an effect on people's thinking, motivations, and behaviours (Vohs,

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<sup>249</sup> Of course we are shaped by our experiences throughout our lives, but future research might usefully explore whether brain development may be one of the relevant factors influencing the cohort effect I observed. Studies suggest that the prefrontal cortex is not fully developed until, on average, the age of 25, and memories and identity formation are both concentrated in the late teens and early twenties due to patterns in brain – especially prefrontal cortex – development; studies suggest that a disproportionate number of our lifelong memories are formed between the ages of 10 and 30, with a median age of 22.7 (Rathbone, Moulin, & Conway, 2008), and the brain is yet more plastic during the teenaged years (Sanders, 2015).

<sup>250</sup> A common experimental game in which one student is given \$10 and asked to make an offer between \$0 and \$10 to a second student, who can only accept or refuse. If the offer is refused, neither student receives any money.

2015). Ariely's studies of cheating showed that it occurred at approximately the same level in cultures all over the world; the only cultural difference his team noted was when they tested politicians in D.C. and bankers in NYC; the bankers cheated approximately twice as much (Ariely, 2012, p. 243). Indeed, in one study merely reminding bankers of their workplace appeared to induce more dishonest behaviour, whereas bankers who were not primed in this way behaved like everyone else (Cohn, Fehr, & Maréchal, 2014).

This may be, in part, because of the self-interest priming inherent in the teaching of *homo economicus* as the assumed rational agent of first-year economics; although my research found that few – if any – professors actually felt this was an accurate representation of human nature, the oversimplification of introductory economics courses could give students the opposite impression. This is important because studies suggest that a person who overestimates others' levels of self-interest is more likely to become more self-interested him- or herself (Ratner, 1999), even though humans tend to act surprisingly altruistically in experiments<sup>251</sup> (Carter & Irons, 1991). Thus introductory economics education in its current form risks triggering the feedback loop Ghoshal worried about (2005); teaching the self-interest model to students may in fact *induce* self-interest in those same students.

It is an old saw that what is natural is often deemed right. Humans appear to be prone to cooperation – indeed, cooperative acts can induce in us a neurochemical rush to which other humans tend to respond instinctively and spontaneously in kind; on the other hand, it appears to take reflection to induce greed (Rand, Greene, & Nowak, 2012). Yet our behaviour, cognition, and mental models are very much contextual. So although cooperation may be our birthright, it can be encouraged or suppressed due to the social norms we are exposed to. Furthermore, learning *what the social norm is* can have an effect on how we think and behave; this is particularly relevant in terms of the self-interest norm, which research suggests can be induced in the process of teaching it (Dale T. Miller, 1999).

Further research suggests that we tend to defend our early convictions in the face of contrary evidence (Mercier & Sperber, 2017), which means that economics students could have a tendency towards defending their first – oversimplified – views of economics and its assumptions about human nature and social norms. This effect may have waned in my older conversants over time – and their first exposure to economics

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<sup>251</sup> There is evidence suggesting that humans even surprise themselves in this respect; people may be less self-interested than they themselves think they are (D T Miller & Ratner, 1998).

was less standardised, and less neoclassical, in any case – but it would appear that a large percentage of all undergraduate students only ever study this oversimplified form of introductory economics, which might be a sort of inoculation against the cooperative social norms that they would otherwise be exposed to in the course of a degree.<sup>252</sup> This effect may be yet more extreme in Canada because, as my results show, in at least some cases Canadian undergraduates are required to take more economics courses and fewer non-economics electives than their colleagues in the U.S., front-loading a significant amount of economics content during students' impressionable years.

It is worth viewing this finding in the context of my qualitative results. None of the heterodox economists, almost none of the women, none of the COMER members, and only one of the left-leaning economists<sup>253</sup> in my sample came to economics in high school or even in their first few years of university in many cases; thus these groups had none of the early exposure to economics I observed among the especially laissez-faire economists in my sample. Further study could examine whether the political views of these categories of economists – women, autodidacts, and heterodox economists, all understudied groups – are in any way related to the age at which they first came to economics as a field.<sup>254</sup>

### *Canadian Economics in Time and Space*

There are many other possible factors that, severally and in combination, may help to explain the differences among the various cohorts of economists in my sample.<sup>255</sup> Historical and geographical trends may well be among the strongest influences on

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<sup>252</sup> This could also affect the level of cooperation within the discipline of economics itself; communities with cooperative social norms are more able to overcome the free-rider problem, for example (Ostrom, 1990).

<sup>253</sup> This conversant was only mildly left-leaning, and he had not studied economics per se; he took a modicum of business studies in high school.

<sup>254</sup> Bearing in mind that causation can easily run both ways in this case.

<sup>255</sup> This section neglects to analyse the cohort effect within two groups: autodidact economists and heterodox economists. This is because, in my sample, none of the members of these groups belonged to the younger cohorts. It may come as no surprise that the autodidacts and heterodox economists I spoke with were extremely pro-interdisciplinary (the COMER members held degrees in a bewildering array of academic disciplines) and prosocial in their views; what was surprising was that the other members of the oldest two cohorts in my sample – among conversants and survey respondents alike – largely agreed on many issues.

economists of different ages, and indeed my results are best contextualised by situating economists in time, in space, and along the political spectrum.

First, as became clear in the course of my fieldwork, economics education appears to have been more varied and eclectic – even in high-ranked mainstream departments – in the 1970s and earlier, when my older conversants were in university. The youngest generation in my sample would have been educated well after economics departments split off from the rest of the social sciences, which happened over the course of several decades, with Western among the first to do so in the late 1960s and with Toronto among the last in 1982. This may have had an effect on the multidisciplinary of the education of those who took economics courses before and after the split, an important factor for a field that is known for being especially insular and uni-disciplinary (Fourcade et al., 2015, p. 93).

Indeed, my older conversants were much more open to knowledge from other disciplines. Only 22% of economists above the age of 53 (Baby Boomers and older) answered “No” to the question, “In general, is interdisciplinary knowledge better than knowledge obtained by a single discipline?” whereas 40% of the younger economists (aged 52 and under) answered “No.” Rather remarkably, the total for my survey of economists was 31.6% “No” responses, which puts Canadian academic economists in the same range as American academic sociologists (25.3% “No”), political scientists (28% “No”), and historians (31.7% “No”), as opposed to American economics academics (57.3% “No”), in terms of their views on the value of interdisciplinary knowledge (Fourcade et al., 2015, p. 95); in other words, my older survey participants appear to be more pro-interdisciplinary than academics from any discipline in the U.S.<sup>256</sup>, even though the proportion of U.S.- and otherwise foreign-educated academics – and therefore American influence – is larger in economics than in other academic disciplines in Canada (A. Scott, 1993) and has been for some time (A. Scott & Grubel, 1969).

The greatest variation in political views was to be found among the very oldest economists in my sample. Of these were two of Canada’s best-known academic economists – themselves on or near opposite ends of the political spectrum – and a few others in their age cohort, all of whom received PhDs in the 1960s. These conversants, from every point on the political spectrum, all seemed to recognise the dangers of homogeneity or the dominance of one sect above the others – perhaps in part because

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<sup>256</sup> This is a key indicator given that some research suggests that “abler economists tend to publish more general research” (Kendall, 2008), contrary to some departments’ emphasis on specialisation.

they had witnessed several examples of this throughout their lives. “Economics gets into trouble when one particular group gets a lock on the journals and the conferences and appointments in certain key departments,” said one conservative conversant, lamenting the fact that “Cambridge had a lock on economics” for several decades in the middle of the last century “and it was terrible.” But he was similarly critical of attempts to curtail diversity and debate at the other end of the political spectrum, bemoaning the fact that “North America is truncated, because Joe McCarthy and his buddies did a really good number on the left-wing tradition in the social sciences in North America.”

An eminent academic on the other end of the political spectrum worried: “You find the same schools are generating the staff for a whole broad set of universities, and they come along with a groupthink that can be poisonously uniform. So then it can be hard to keep appropriately broad and open in what is taught to students.” Indeed, in the U.S. 47% of the faculty at PhD-granting universities attended the same (top ten) universities, with yet greater concentration at the upper end (Pieper & Willis, 1999, p. 86). Several older economists remarked upon the pressures of publishing, the econometrics-centric preferences of the top journals, and departments’ emphasis on a narrow set of metrics, all of which result in a situation in which “policy is a middle-aged person’s game,” for after one has tenure.

In short, among the oldest group of economists – those over the age of 71 – could be found the greatest support for diversity of thought, a refreshing tolerance of opposing views, and often a healthy dose of criticism of the increasing homogeneity of the field. It may not be an accident that these economists were exposed to the most eclectic curricula of all the conversants in my sample. Indeed, compared to their younger colleagues, as a group they expressed a wider range of views themselves; were more supportive of diversity of thought, even if it went counter to their own beliefs; and were more comfortable with the criticisms of economics education that had emerged following the 2007-2009 financial crisis.

This older group of economists taught a generation of Baby Boomer economists, who were broadly tolerant of opposing viewpoints but were more homogeneously prosocial. The Baby Boomers, many of whom were educated in economics throughout the late 1970s and 1980s – during the ascendancy of Chicago School ideology – were themselves exposed to a more standardised curriculum, despite their broadly egalitarian, pro-government views; some members of this generation, in turn, educated a fairly uniformly laissez-faire generation of economists. This is despite the fact that, as a

group, Baby Boomer economists did not tend to share those laissez-faire views – but they had begun to teach the standard curriculum that persists, with very few changes (Siegfried & Walstad, 2014), to this day.

Studies do suggest that economics education can have different effects on students depending on how it is taught; the calculative mindset and self-interest orientation that commonly emerges in economics students exposed to efficiency- and self-interest-focused training appears to be much reduced or even absent in students exposed to a more welfare- and cooperation-oriented economics education (R. H. Frank et al., 1993). Perhaps, then, it is unsurprising that the older generation of academic economists developed less of an efficiency- and market-oriented approach to the discipline.

After all, the tectonic plates of the influences on economics in Canada shifted dramatically from the 1970s to the 1980s; in the latter decade, Canada drew ever closer to the U.S., during a dramatic rightward turn in American politics, while in the 1970s, arguably the UK's most progressive era, Canada had been closer to the UK than it is now. In short, in a relative sense Canada was closer to each of these two countries as they reached the outer limit of their respective political spectra at the time – the UK on the left, and the U.S. on the right. This may have been compounded on the right by the economics departments' splitting off from political science departments all across the country throughout the 60s, 70s, and early 80s. Therefore the swing in economics influences in Canada may have been wider than it might have otherwise, perhaps even more so due to the fact that academic economists had more exposure to the U.S. than in other disciplines (A. Scott, 1993; A. Scott & Grubel, 1969) during that period. For economics students the 1960s may have seemed especially different from the 1970s and then 1980s, both within their academic departments and in the Canadian political realm more broadly.

Furthermore, Canada had undergone its own political shift in that time. From 1963 to 1984, with the exception of a few months, Canada was governed by successive Liberal administrations that set the stage for the country's current political identity, inaugurating policies on multiculturalism, modern social issues, and universal public healthcare. Canada was late to the conservatism that took hold in the UK in 1979 with the election of Margaret Thatcher and in the U.S. with the 1980 election of Ronald Reagan; Brian Mulroney, Canada's Progressive Conservative Prime Minister, did not come to office until 1984.



Even as politics in Canada reached its liberal apogee in the era prior to 1984, however, the University of Western Ontario was on a meteoric rise within the Canadian economics profession. Distinctly Chicago School-esque ideologically, it was the undisputed top economics department in the country, and it seems likely that its free-market orientation had some effect on economics education in other departments, even with a relatively greater UK – and therefore welfare-oriented – influence during that time.

Indeed, several older conversants mentioned that Canadian economics education had a more markets- and efficiency-oriented tenor than the UK prior to the Thatcher era, suggesting that Canada may have always lacked – in a relative sense – the welfare focus of pre-1980s Britain.<sup>257</sup> Even so, the oldest Baby Boomers in my sample would have embarked upon their undergraduate economics programs in 1964 at the earliest, still well within the period in which Canadian economists appear to have had closer ties with the UK. Furthermore, the 1960s was a decade of unprecedented transformational social change that could not but have had an effect on the teenagers and young adults of the age. Besides which, a large majority of the Baby Boomers had finished at least their first degree by the time the Chicago School rose to prominence in the late 1970s and 1980s. Yet most of them would still have been in graduate school as the Chicago School ethos began to take hold, and with Western – very much a Chicago School-adherent institution – as a dominant force in Canadian economics education at the time, it is surprising that this did not have a greater effect on the Baby Boomers' views.<sup>258</sup> Indeed, the role of government was seriously questioned in the 1980s, with wide-ranging effects on the discipline in Canada and elsewhere (Fourcade et al., 2015).

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<sup>257</sup> Heterodox economists were largely pushed out of UK academic institutions from 1992 onwards (Lee, Pham, & Gu, 2013). Fourcade has described the progressive foundations of economics in the UK, followed by the shift towards market-oriented economics in the Thatcher era (Fourcade, 2006). The perception among some of my conversants was that economics in the UK had been – and perhaps still is – more multidisciplinary than in the U.S.

<sup>258</sup> If future research does show that early exposure to economics has an effect on students' later political orientations, it would be worth examining in tandem whether the politics of Baby Boomers' teenaged years – all of which fell within the era of successive Liberal administrations that set the stage for Canada's modern progressive identity, from 1963 to 1984 – had a similarly long-lasting effect on their political views. Indeed, if Baby Boomers are so different from other cohorts of economists in part due to their socialisation in the progressive era of the 1960s and 1970s in Canada, it is worth examining whether political exposure *at a particular age* – due to developmental factors or otherwise – can have measurable effects on people's political views in the long-term.

It is possible that the timing of older academics' economics education played a role in shaping their views, as I explore in the case of the younger cohort below. Several conversants noted that there had been significant ties between Canada and the UK during the aforementioned period in which Cambridge – and Keynesianism – had a lock on the economics profession. The shift towards the U.S. seemed to happen before the Thatcher era in Britain began, so the net effect of the UK's influence may have been broadly progressive.<sup>259</sup>

Furthermore, severe financial crises do appear to affect economic thinking. My earlier work added to the research suggesting that the turmoil of the 1980s was a formative period for Canadian banking regulation (Quigley, 2012). If Canadian economists were frightened into adopting a cautious approach to government regulation in the 1980s, as it appears they had been, perhaps that acted as a counterweight to claims that the role of government should be reduced – even with the dominance of the University of Western Ontario economics department at the time. In the Canadian case it may be that the economic trauma of the 1980s left a sort of epimemetic<sup>260</sup> stamp on economics; it seems to have been a period in which ideas took hold that would affect Canadian economists for decades to come.

The youngest generation in my sample – 28- to 40-year-olds, or Millennials – would have come of age in an era of Liberal governance in Canada. The Liberal Party was in power from 1993 to 2006 without interruption, covering off almost the whole of Millennials' high school graduation dates and most of their years of undergraduate education. It is worth noting that this was very much a market-oriented administration in many ways. Socially liberal, the Liberals nevertheless embarked on the most brutal cost-cutting regime in Canadian history in the 1990s (Baragar & Seccareccia, 2008; Dalton, 2009), as a few of my conversants also noted. They posted budgetary surpluses

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<sup>259</sup> Western's influence appears to have waned somewhat in the economics profession in Canada, while UBC's star has risen. UBC is perceived to be more eclectic and considerably to the left of Western; will its influence on the field, and potentially other departments' emulation of its approach, cause UBC to have an effect on Canadian economists akin to that of pre-1980s Britain?

<sup>260</sup> I have seen the word "epimemetic" used in academic scholarship on organisational culture and on the margins of the internet to describe the equivalent of epigenetics (environmental factors altering genes or gene expression, which can then be passed down to future generations) in computers, but here I mean to refer to the idea of an event or exposure that changes the lineage of thought in a discipline, as the Great Depression clearly did for economics. This concept is as per Richard Dawkins' discussion of "memes" – cultural concepts or ideas that spread through the population via social interaction.

in most of the fiscal years of their successive administrations, during which time the economy boomed; Canada was listed as the #1 country on the United Nations' Human Development Index; and national debt shrunk. At the same time, consumer debt began to climb and the Liberals – and later the Conservatives – began to dispense with some financial sector regulations.<sup>261</sup> It was what some academics would call a “neoliberal” administration.

If the influence from contemporary domestic politics was generally *laissez-faire* for the youngest cohort in my sample, so was the influence from the U.S. and the UK over the same period. It is worth emphasising again that, to a greater extent than in other disciplines (Fourcade, 2006), economics is U.S.-centric and legitimacy within the discipline comes from a certain academic pedigree – from the top few American economics departments, in other words, and perhaps to a lesser extent Oxford, Cambridge, and the London School of Economics in the UK. Exposure to U.S. social norms is greater among economists than in other disciplines because proportionally more economists have studied there (A. Scott, 1993; A. Scott & Grubel, 1969), and U.S. politics has been broadly neoliberal or neoconservative – *laissez-faire*, in other words – over the past 30 years as much as introductory economics curricula have been. For the youngest cohort in my sample, then, many influences – in terms of social norms, economics curricula, and North American politics – would have pointed in the same direction.

Indeed, evidence from a large number of conversants from both the left and the right suggest that there has been a convergence in the views of professors within the discipline since the 1980s. The younger group of economists in my sample may, then, have been educated in more of a monoculture relative to their older colleagues. Furthermore, several younger conversants reported having been taught RBC theory well after the point at which it had largely been replaced by other models; future research could usefully examine whether the RBC model may have persisted in Canada (or at least at Western) longer than elsewhere, or whether advances in the discipline were as slow to enter the curriculum in other jurisdictions as well.

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<sup>261</sup> Fortunately, as a body of academic work has shown, much of this financial sector deregulation was delayed compared to the U.S. and the UK; at the advent of the crisis, not enough of this had taken hold to do significant damage as it did elsewhere.

Because many people, if not most, encounter economics for the first time during their undergraduate education, introductory courses have a significant role to play in diversifying the field at a later stage; how it is taught will in part determine who pursues further study in the area and who feels welcome to do so. Defaults matter; instructors of mandatory introductory courses teach mainstream economics, whereas only students who are already interested in, or are aware of, an alternative will take pluralist electives – which are usually only available to upperclassmen. As the above literature shows, there is a self-selection effect in economics; thus it is worth examining whether the field is attracting a diversity of students at the outset.

In a field that is overwhelmingly the domain of older white men, it is particularly important to attend to those who do not self-select into the field, and to the “silences” in interviews – the absence of women and minorities in discussions of economics. Perhaps unsurprisingly, women almost never came up in the interviews I conducted, even though I was, myself, an obvious prompt. Minority groups were also mentioned rarely, if at all.

This is perhaps in part because there are so few women and minorities in the field, especially in academia. It is worth putting the economics profession in the context of one of the subjects the field addresses – economic development. The story of productivity growth in advanced economies is one of technological advancements, certainly, but it is – as one of my conversants explained – also the story of integrating marginalised populations into the labour pool. The induction of large numbers of women into the workforce was responsible for significant productivity gains in Western economies since World War II; they, alongside immigrants to Canada, are a large part of the reason for Canada’s impressive growth and development over the past several decades. One could say that the discipline of economics has yet to reflect the forces that shaped Canada as a modern economy; for perspective, the percentage of women in the economics profession (12.7%) is less than half of women’s labour force participation in Canada as a whole in the early 1950s (approximately 25%) (Statistics Canada, 2017).

Somewhat along the same lines, fully 94% of my sample of academic economists agreed that the net effect of immigration on Canada has been positive;<sup>262</sup> immigrants’

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<sup>262</sup> The remainder reported that the effect was neutral or did not know – not one claimed the effect was negative.

are underrepresented in the field of economics, however. A significant proportion of economists favoured helping First Nations, even at the risk of running up federal debt. There is not a single First Nations economist in the country, however, as far as it is possible to tell from online departmental photos.

The senior ranks of economics departments appear to be almost exclusively the domain of white men, despite Canada's ethnic diversity and the fact that in 2001 fully 34.6% of federal government economists were women (Dooley et al., 2001, p. 4). The dearth of female academic economists is common in economics elsewhere as well, however (Dooley et al., 2001; Robb et al., 2006). Canada ranks third among OECD countries in terms of the proportion of college and university educators who are women (Canadian Association of University Teachers, 2015, p. 46), but that would not be obvious from the websites of Canadian economics departments. Again, this is an issue that is not unique to Canada; McDowell, Singell, Ziliak (1999) show that women face difficulties in getting promoted, even after controlling for publishing record and the like – although this is much less the case in China (Robb et al., 2006), suggesting that social norms and other cultural factors can influence the proportion of female economists substantially. Although mine was not a representative sample, I was struck by the number of high-profile women I interviewed whose economics background was non-standard in some way, who studied something else initially or who took time off, and who persevered despite being actively “turned off” by the way economics was taught.<sup>263</sup> Similarly, of my survey respondents a disproportionate number of women (58.3%, and fully 75% among the youngest cohort and the Baby Boomers in my sample) had taken time off before, after, or between degrees, compared with 34% of the men in my sample. The qualitative responses I heard from women, too, differed dramatically from those of male academic economists, many of whom had undertaken a standard economics education with no interludes in other disciplines or occupations. It may be that the field is less likely to attract and retain more than just the women who were willing to persevere despite significant barriers. If my sample is at all typical, and women come to the subject later, on average, then the diversity of the field in that respect is partly a function of the ease with which a person can switch to economics at a late stage in her

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<sup>263</sup> This was true of all of the autodidact economists I spoke with as well; to a one, they had come to economics later in life.

education<sup>264</sup> – and that is itself partly a function of the flexibility of the university or the education system more generally, or of economics programs specifically in this case.<sup>265</sup>

A shift in the proportion of female economists could have indirect effects as well. Studies have shown that gender – likely due to socialisation effects – may affect social norms; women are more likely to cooperate under experimental conditions (Etzioni, 2015), and other studies suggest that collaborative researchers tend to be more productive (Levitt & Thelwall, 2016) – something to test for in economics departments that are able to increase the number of women in their ranks. Furthermore, an increased focus on women in economics would likely expand the breadth of works included in economics syllabi, potentially bringing the only woman ever to have won the Nobel Prize in Economics – Elinor Ostrom – into the curriculum; this could, in turn, encourage a return to the study of institutions and social contexts in economics. Her work shows that the tragedy of the commons can be cooperatively managed out of existence, for example – a timely message when it comes to climate change.

### *Economists' Critiques of the Discipline*

My conversants mentioned several other curricular changes that could be made. They particularly emphasised the lack of institutions and history in Canadian economics education, while a few lamented the increasing mathematisation of the field (although this did not bother some). Evidence suggests that the mathematisation of economics in Canada may be somewhat more pronounced than elsewhere; Canadian economics departments are significantly more likely (45% compared to 23% in the U.S.) to require two calculus courses as an admissions standard (Milkman & McCoy, 2008), and a few of my conversants specifically mentioned that Canadian economics was more “math-y” than elsewhere (especially in Québec departments known for their expertise in econometrics) – one said, “I’d say the emphasis on mathematical economics is the same here – maybe a little more gung-ho here – so it’s hard to get young economists

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<sup>264</sup> Based on these results, it would be interesting to test whether the establishment of economics programs tailored to late entrants to the field would attract a wider variety of students to economics.

<sup>265</sup> The first woman in Canada to become a tenured economics professor (in 1950, at the University of Saskatchewan), Mabel Timlin, received her B.A. at 37 (taking one class at a time) and her PhD at 48; she was a teacher and administrator in the meantime, and dabbled in literature as well (Cicarelli & Cicarelli, 2003).

interested in policy.” Others were clearly frustrated by economics students’ inability to write prose, while some critiqued the lack of diversity in the field.

Interestingly, my conversants’ critiques of economics education largely echoed comments from COMER members and the UK Society of Business Economists (SBE) alike; the members of both groups felt economics graduates needed more economic history, more history of economic ideas, and more of an ability to translate economic concepts into plain language. The SBE’s priority list of courses included standard macro and microeconomic fare alongside data-handling skills, followed by Money, Banking and Financial Economics, Economic History, and International Trade. They particularly cited poor communication skills and a lack of “real world” or “historical awareness” among economists (SBE Steering Group, 2013). A survey of international economics curricula conducted by the International Student Initiative for Pluralism in Economics (ISIPE) produced similar results (ISIPE, 2016). They emphasised the necessity of teaching critical thinking skills and lamented that math, statistics, and management accounted for 35% of average course content whereas economic history, environmental economics, and courses covering contemporary issues such as inequality accounted for only 10.5% of course content. In short, there is broad consensus as to how the average undergraduate economics curriculum could be changed. Introductory economics is highly standardised internationally and so, as it turns out, are the critiques of it. A large proportion of my data on curricular reform – from conversants and survey respondents, institutionally educated and autodidact economists, and heterodox academics and right-wing think tank employees alike – all point in the same direction.

Perhaps even more striking is that the consensus reflects a general openness to critiques of the discipline. Almost all of the conversants in my qualitative sample shared at least some criticisms of economics education, and only 20% of the respondents in my survey sample outright rejected the complaints about the discipline that had emerged following the 2007-2009 financial crisis. Many of the critiques were mixed with defences, of course, but there was a general willingness to accept negative appraisals across the board.

In the course of my fieldwork I was able to generate a significant amount of data on relative esteem in the Canadian economics profession. Departmental rankings and institutional respect for certain think tanks – and hence relative esteem – are fairly clear in Canada. Canadian economists gain esteem by studying outside the country, preferably at the top U.S. economics departments, as mentioned above and as was widely reported among my conversants. This can be viewed as an example of signaling – of quality and legitimacy in this case (Hammerstein & Hagen, 2005). Indeed, among the 92 academics who answered the question in my survey sample, 58.7% of PhDs were awarded by U.S. universities, and 28.3% of these were from the top six U.S. economics departments alone. This is as compared to a total of 21.7% of PhDs from Canada's top four economics departments combined.

Within Canada, the top four departments are fairly clearly the University of British Columbia (UBC), the University of Toronto, the University of Western Ontario, and Queen's University. Among those four, however, there appears to have been a shift over the past couple of decades; Western has dropped from the top spot, while Queen's has reportedly declined somewhat in quality as well. UBC, on the other hand, has risen through the ranks. So, too, have Albertan universities (the University of Calgary and the University of Alberta), largely due to private funding, according to my conversants, as have several Québécois universities – l'Université de Montréal, l'Université Laval, and the Anglophone McGill University.

These shifts in the hierarchy could bring about at least two interesting developments in the Canadian economics profession. First, UBC is now the clear frontrunner, a position formerly held by Western. Western was likely Canada's most Chicago-like university in its heyday and its influence on other Canadian universities was broadly free-market. UBC, on the other hand, is viewed by my conversants as unusually "eclectic" among Canadian economics departments, and it is also viewed as being to the left of the profession as a whole. If the top department has an influence on departments elsewhere, that influence in Canada has shifted from right to left in a generation. Furthermore, other trends appear to be moving in the opposite direction; Alberta is arguably Canada's most conservative province, and its universities' faculty members sometimes bear the same ideological stamp, while the two Francophone Québécois universities are methodologically extreme in a relative sense in that they are



markedly and notably oriented around econometrics. Although Canada has a tendency towards homogeneity in the economics profession, perhaps the coming era will see a divergence in economic thought – with the result that the discipline as a whole becomes more varied and contested. For my older conversants, many of whom had witnessed the dangers of dominant sects within economics, this would likely be a good thing.

### *The Effects of Canadian Social Norms*

Among the 15 American-raised economists in the survey sample, they were nearly 20% more likely to say that they were a bit more left-wing than they were in high school than was true of my sample as a whole. Although my survey represents a small sample of all academic economists in the country, this is an intriguingly suggestive finding that warrants further investigation. If found to be significant, this would suggest that Canadian social norms may have had a countervailing effect on American economists such that they are in fact almost as likely to be more left-wing than right-wing after some years in Canada (this is as opposed to the sample as a whole, in which economists were almost twice as likely to be more right-wing than left-wing relative to their high school selves).<sup>266</sup>

Of course, social norms may also flow the other way; economists' attitudes could have some effect on the views of the Canadian populace. Yet there is some evidence that, even among private sector economists more likely to be exposed to U.S. cultural norms, Canada's influence is strongly felt. It is worth noting that I interviewed six of the most influential private sector economists in the country (the major banks' chief economists, past and present). These bank chief economists displayed a significant degree of variation in their responses to questions about policy issues, and their political orientations appeared to be at least somewhat varied as well. The degree to which many of them held left-leaning views on particular policy issues was especially interesting because they may be more often exposed to U.S. business norms than other economists in my sample.

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<sup>266</sup> One indicator that the idea of being “progressive” was viewed inherently positively – that this constitutes a Canadian social norm – was right-wing economists' hasty assurances that their proposals could still be considered “progressive;” this happened in conversation with seven such conversants!

Furthermore, an examination of the Boards of Directors of equivalent Canadian and American organisations – the Canadian Association of Business Economists (CABE) and the National Association of Business Economists (NABE), respectively – shows that there is a significantly greater range of the types of organisations board members represented in CABE as opposed to NABE. On the CABE board there was a representative of a large cooperative as well as a CCPA economist, for example, whereas the entirety of the NABE board was strictly private-sector. Thus it is possible that the upper echelon of the business sector in Canada is somewhat more varied than in the U.S.<sup>267</sup> Moreover, a couple of conversants noted that private-sector, government-sector, and Bank of Canada economists were less uniformly neoclassical than their academic colleagues in Canada, which may not be the case in the U.S. Again, I did not have enough data to come to a firm conclusion on this, but it warrants further investigation.

The U.S. was clearly many conversants' reference point for a number of policy issues – particularly in the case of income inequality, capital gains taxation, and healthcare policy; conversants expressed their own views (and often expressed support for the status quo in Canada), but the contrast was often with the U.S. Interestingly, this may have its roots in a well-documented psychological phenomenon. Ariely's research suggests that, when a member of the out-group (in this case, a student wearing a rival university's sweater) behaves badly, the in-group becomes more virtuous in reaction; cheating all but disappeared among the in-group university students he worked with in such cases (Ariely, 2012). It is worth asking, then, whether Canadian social norms are partly established and maintained by way of reaction against what is perceived as the out-group's bad behaviour – the American tendency towards what Canadians may believe to be bad economic and social policy, in this case. Indeed, Canadians' anti-Americanism is more or less a cultural trope, and Canadian identity at times has been defined in contrast to American culture. It has been suggested that Canadian anti-Americanism is a unique kind of anti-Americanism (Nossal, 2005). If the U.S. constitutes the ultimate out-group, it is possible that it has shaped Canadian policy indirectly yet powerfully – through Canadians' attempts to mold public policy that looks as little like American public policy as possible.

A conversant pointed out another factor contributing to the U.S-Canada contrasts under discussion here: that there may be less of a revolving door between the finance

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<sup>267</sup> Indeed, CABE invited Thomas Piketty to deliver an address on income inequality; it is hard to imagine NABE issuing a similar invitation.

sector and government in Canada than there is in the U.S. My conversant noted that the U.S. equivalent of the Department of Finance in Canada is populated by former Goldman Sachs employees instead of elected officials, as is the case in Canada. She felt this was a negative, but it may result in less regulatory capture, and it could also affect social norms in the financial sphere. The big banks' economists are tremendously influential in Canada, and their views may be moderated relative to banker peers in the U.S. because they have near-daily interactions with the Bank of Canada, the Office of the Superintendent of Financial Institutions, and the Department of Finance, whose employees do not come from industry.

The same conversant had also lamented the dearth of women in finance in Canada. However:

The statistics suggest Canada is one of the better countries to be a professional woman in the financial services industry. Female representation on the Boards and ExCos<sup>268</sup> of its financial institutions is 25% and 23% respectively, making Canada the 3rd highest ranking country for Executive Committee gender diversity in our sample, behind Norway and Sweden. This high ranking of gender diversity of the Canadian financial services industry shows that it is pulling above its weight when compared to the overall Canadian society, which got a ranking of number 19 in the latest WEF Global Gender Gap Report (Daisley, 2014, p. 27).

Indeed, according to Statistics Canada data, women hold 31.6% of all senior managerial roles in Canada (Status of Women Canada, 2012). Given that women tend to behave more prosocially in experiments, this could have had an effect on social norms in the Canadian finance sector more generally. It would also be worth exploring whether the improved gender balance in the private and government sectors relative to academia – with approximately three times as much female representation in the former two sectors than the latter – has influenced these groups' respective political views and adherence to economic orthodoxy more generally. There is a more obvious question that emerges from the data as well, however, which is how it is that the same country can boast among the highest female participation in private- and government-sector economics yet post such dismal numbers in academia.

Regardless, it does appear that Canadian economists as a group are significantly more egalitarian, pro-interdisciplinarity, and accepting of the role of government than are their peers in the U.S., despite having had more exposure to the U.S. and its economists than any other discipline. Within my survey results, 92% of respondents

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<sup>268</sup> Executive Committees.

supported laws restricting gun ownership; 94% of respondents felt the government should restrict development in certain areas in order to preserve biodiverse ecosystems; and fully 100% of respondents were in favour of universal public healthcare. It would be hard to imagine a similar group of American economists coming out so firmly in favour of government intervention. In my sample, however, even American-born and -raised economists find themselves less likely to move to the right than Canadian-born and -raised economists after some years in Canada; the Americans, then, hew at least somewhat towards the views of their adopted country over time. If my data are correct, Canadian social norms could have a countervailing effect against a laissez-faire economics education – such that the oldest cohorts in my sample even line up with left-wing academic disciplines in Sweden, a surprising finding indeed.

### *Canadian Economists' Views on Inequality and Tax Evasion*

Further patterns emerge in terms of particular policy issues – specifically, those such as capital gains taxation, usury, tax evasion, and the like: economic issues with a moral valence in which economic reasoning interacts with an ethical judgement call. As above, the older cohort among my respondents was even more critical of inequality than the Canadian populace as a whole, but Canadians in general appear to be more concerned about income inequality than Americans (84% compared to 66%) (Stratcom Strategic Communications, 2017; The New York Times/CBS News, 2015),<sup>269</sup> even though the level of inequality is worse in the U.S. That said, although income inequality is not extreme in Canada, its level of wealth inequality is striking; the top 1% of the population owns 24% of the wealth, more than in the UK and only slightly less than in France and Germany (Davies, Lluberas, & Shorrocks, 2011).<sup>270</sup> In Québec, the Anglophone minority's top 1% still makes considerably more money than the Francophone top 1% (Veall, 2012, p. 1254).

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<sup>269</sup> Even though Occupy Wall Street was most active in the U.S., it in fact began with the magazine cover (featuring a ballet dancer perched on top of Wall Street's raging bull statue) of *Adbusters*, a Vancouver (Canada) publication.

<sup>270</sup> If Piketty is right, and capital does indeed grow at a faster rate than economic growth over time, Canada fares poorly according to a crucial metric; such extreme wealth inequality at this stage bodes ill for the future – especially seeing as, per my conversant's comment, \$1 trillion will be passed down in the form of inheritances in Canada over the next 20 years.

Despite income inequality almost as high as (and wealth inequality higher than) the UK's, Canada has better intergenerational mobility<sup>271</sup> than Sweden; this has been attributed in part to Canada's public healthcare and educational systems (Veall, 2012).<sup>272</sup> Among my conversants, too, Canada's education system itself was accorded a share of the credit for our impressive levels of social mobility.

As for specific measures to address inequality, 70.7% of survey respondents expressed support for the taxation of inheritances<sup>273</sup>, although only marginally more respondents felt the top marginal tax rate should be increased than those who felt it should be lowered. One of the more marked contrasts with American economists is in the case of executive compensation. Canadian academic economists are more than twice as likely as American academic economists to think that executives are paid too much; 39.39% of a group of eminent American professors were found to hold that view (Sapienza & Zingales, 2013, p. 13), whereas fully 81% of the academics in my sample felt the same. Among Canadian heterodox and autodidact economists these figures reached 100%. In general there was a strong egalitarian<sup>274</sup> streak among conversants and survey respondents of all political stripes, relative to economists elsewhere and even relative to the Canadian populace in some cases.

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<sup>271</sup> There may be a risk in putting too much emphasis on mobility as opposed to equality, however. One of my conversants' comment on inequality rested on the argument that society could miss out on future Mozarts in an unequal system, which arguably simply replaces the unit of discrimination – from accident of birth to inborn or cultivated talent. Talent is, of course, borne of a combination of nature and nurture, neither of which conforms to common conceptions of equity as they are both outside the individual's control and are influenced by privilege of all kinds.

<sup>272</sup> Canada's apparent social mobility may also be due in part to immigration policies that preferentially select for highly-educated immigrants who are often prevented from working in their field of expertise in Canada – and thus who appear to be low-income in the first generation – but whose children do exceptionally well in the second generation.

<sup>273</sup> In the words of one of my conversants: "Why does the inheritance flow matter? Partly the answer is that inheritances are even more concentrated than wealth itself, so that inequality tends to rise as the inheritance flow goes up. But, in addition, inheritance is widely regarded as one of the least meritorious sources of wealth" (Davies, 2015).

<sup>274</sup> Egalitarianism has been linked to societal wellbeing and Canada does well on this score (Helliwell et al., 2017). One potential explanation for this is because in terms of status competition, most people overestimate their own value or talents at least somewhat; 90% of the population thinks they are above-average drivers, for example (Daniel Kahneman, 2011). If the spread of incomes within a society is narrow, perhaps the boost humans tend to give themselves brings the below-average performer to the median and the median performer to an above-average perceived level of performance. In other words, perhaps in a relatively equal society most people have a decent chance of believing themselves to be above average.

The outlier within the Canadian economic realm is always the financial system. In Canada banking is highly protected and regulated, perhaps in part because of the economic trauma of the 1980s (Quigley, 2012), whereas Canada is almost alone – aside from Bosnia-Herzegovina – in lacking a single national securities regulator (Gray, 2011).<sup>275</sup> The lack of financial system oversight may be linked to a general laxness in the non-bank financial sector. Rather remarkably, the profits for insider traders are higher in Canada than anywhere else in the world (Bris, 2005), and there is purportedly twice as much tax evasion in Canada (9% of all private financial wealth is hidden in tax havens) than in the U.S. (4%). Canada's \$300 billion in lost tax revenue is 25% of the U.S. total of \$1.2 trillion despite its population being a mere tenth of the size (Zucman, 2014, p. 140). Only 9 of 100 survey respondents correctly deduced that tax evasion is higher in Canada than in the U.S., however, and although my conversants almost all condemned tax evasion, it was not viewed as a significant problem. It is worrisome that these issues are largely unknown to economists – even to some of the bank chief economists, which is odd given that tax evasion would implicate some of the major banks.

Tax evasion brought out one of the strongest contrasts between the youngest cohort and their older colleagues. As it turns out, the youngest group of economists is by far the most concerned with wealth and income distribution at the top end. In the youngest cohort, three times as many economists preferred to raise the top marginal tax rate than to lower it. Strikingly, 88% of economists under 41 expressed support for the idea of increasing the penalties for tax evasion; of the second-youngest cohort, for comparison, only 54.2% expressed such a wish. Since this is not the norm among the young economists' academic colleagues in older age cohorts, it would be interesting to investigate whether peer influence for that generation leans towards a particular distaste for top income-earners.

Most of the economists in my sample – 69.8% – felt that tax evasion in Canada was a problem, but only 9% of respondents in my survey knew that tax evasion was worse in Canada than the U.S. It may be problematic to publicise Canada's level of tax evasion, however. Social norms have a significant effect on tax compliance (Bobek, Roberts, & Sweeney, 2007; Cummings, Martinez-Vazquez, McKee, & Torgler, 2009), so the popular conception that tax evasion is common could in fact lead to more tax evasion. It may also

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<sup>275</sup> The Asset-Backed Commercial Paper (ABCP) crisis of 2007 may have been a warning sign for securities regulation, however; perhaps the ABCP crisis will be to Canadian securities regulation as the 1980s bank failures were to Canadian banking regulation and supervision.

result in public pressure on authorities to crack down on evasion, however – indeed, 73.5% of my survey respondents (and 88% of the youngest cohort) felt that penalties for tax evasion should be increased, and several conversants emphasised the need to increase the pay, status, and mandate of tax authorities in order to address this issue effectively.<sup>276</sup>

Interestingly, almost all of my conversants – including several heterodox, left-leaning, and autodidact economists – felt a coordinated global wealth tax was impractical yet expressed support for the idea of coordinating internationally to prevent tax evasion. Such a large-scale effort on the part of hundreds of countries to address tax evasion would surely be just as difficult as coordination around a global wealth tax, however, which makes one wonder whether my conversants were simply more outraged – and therefore willing to advocate for a difficult solution – when it came to the issue of tax evasion.

### *The Future of Economics Education in Canada*

As for the future of Canadian economics education, there are both troubling and promising indicators. First, as populist xenophobia roils the country's closest allies – the U.S. and the UK – Canada has remained relatively comfortable with high levels of immigration. Social mobility remains among the highest in the world, comparable to that of Scandinavia, and the most recent World Happiness Report ranked Canada 7<sup>th</sup> globally – again, just behind Scandinavia, the Netherlands, and Switzerland (Helliwell, Layard, & Sachs, 2017). Indeed, a few conversants' perception was that Canada had ceased to be a mid-Atlantic entity and had grown closer to Europe – especially Scandinavia – than the U.S. or the UK, politically and even culturally.

As for the economics discipline itself, Canada enjoys a relatively privileged position – both in terms of the eminence of living economists and in terms of the rise in Canadian authority on monetary and banking policy at a global level.<sup>277</sup> The average Master's

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<sup>276</sup> A couple of conversants warned against scaring away top income earners with high taxes and the like, cautions that could apply to a tax evasion crack-down as well, but the testimony of several other conversants – and a growing body of research – suggest that fears of capital flight may be overblown (Young, Varner, Lurie, & Prisinzano, 2016).

<sup>277</sup> As illustrated by Mark Carney's rise to the Bank of England's governorship and former banking regulation superintendent Julie Dickson's appointment to the European Central Bank's oversight panel.

economics student in Canada has higher GPAs and test scores than in the U.S. (Milkman & McCoy, 2008) and Canadian economists have historically ranked third in top-10 journal publications globally, although there is evidence of a decline in Canadian economists' publications in the Canadian Journal of Economics top-ten journals from 1980-2000 (Davies et al., 2008).

But there may be advantages in the Canadian context that go well beyond the rankings economists tend to emphasise. Relative to their colleagues in other countries (Fourcade et al., 2015), my results suggest that Canadian academic economists may be significantly more open to knowledge from other disciplines. Acceptance of a role for government, and for redistribution, constitutes a deep consensus among Canadian economists. And conversants were creditably open to critiques of the field that emerged in the wake of the 2007-2009 financial crisis; given their clear personal identification with the profession,<sup>278</sup> the lack of defensiveness – or at least the willingness to mix defences with critiques – is heartening,<sup>279</sup> as was most conversants' refreshing willingness to answer even difficult questions directly. Furthermore, Canadians do not appear to mind critiques of Canada, which may make it easier to address our deficiencies; this may be one effect of the country's supposed post-nationalist ethos.

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<sup>278</sup> Many conversants made mention of their identity as an economist or spoke of "how an economist thinks." One professor said, "Economists aren't keen on regulation; this is something accountants and lawyers like. We're much more likely to worry about incentives and try to get the incentives right, and then letting them do their thing." Another professor said he was "a little bit frustrated because I can't build [my story about the financial crisis] into a model. And if I can't build that into a model then I'm not happy as an economist." Another professor critiqued Stephen Harper's boutique tax credits because they were designed to "[confirm] people's identities as parents" but were "not going to have a big effect on people's behaviour," which is not how an economist would look at the issue. Finally, another professor said, "I am an economist so you're going to think I'm a son-of-a-bitch sometimes because of some of the things I'm going to say," like that if your homeless shelter is too nice, a drug user may trade rent for drugs and live in the shelter. "That's thinking like an economist. [. . .] Social workers wouldn't have thought in those terms. They're nicer people than economists are," he laughed. It would be interesting to contrast these statements of identity – that of an economist – with the composite identity of a national culture – in Canada's case, that of the identity of the "nice" Canadian.

<sup>279</sup> All but two professors were wholly unsympathetic to the post-crisis critiques of economics; two others claimed to defend the discipline, but both had made earlier comments that revealed frustration with some aspects of the current state of economics education.



Yet there are dangers. As a country, Canada faces many of the same problems afflicting other jurisdictions around the world – climate change,<sup>280</sup> populism,<sup>281</sup> and inequality.<sup>282</sup> Catastrophic climate change would inevitably be devastating for Canada as it would be for the rest of the world. But despite having contributed disproportionately to the causes of climate change, Canada will fare well in a comparative sense when it comes to droughts and temperature extremes that threaten human life. However, there is surely no other country so wealthy yet so dependent on the world's mass consumption of raw resources – oil, timber, and every kind of metal. In other words, Canada's climate risk is extreme given its imbalanced economy.

Nor is Canada somehow immune to populism. Its cultural inoculations are in place; Canadians are pro-immigration enough that the dog-whistle politics peddled by the same political advisors who pushed the Tories to a win in the UK and the Liberals (effectively Tories) in Australia did not work in the 2015 election that brought Justin Trudeau to power. But it has also not experienced a significant economic downturn since the 1990s, which is when xenophobia tends to come to the fore.

Some of Canada's other economic risks are in plain sight. The stereotype of Canada is not one of a country creaking under the weight of inheritances, but in fact Canadians fare nearly as poorly as Britons according to the metric of wealth inequality. Though our banking system is sound, our financial system is notoriously<sup>283</sup> lax, with greater insider trading gains to be made in Canada than in any other G20 nation. Canada's inequality is in its wealth much more than its incomes, which may become obvious over the next 20 years as trillions of dollars change hands intergenerationally.

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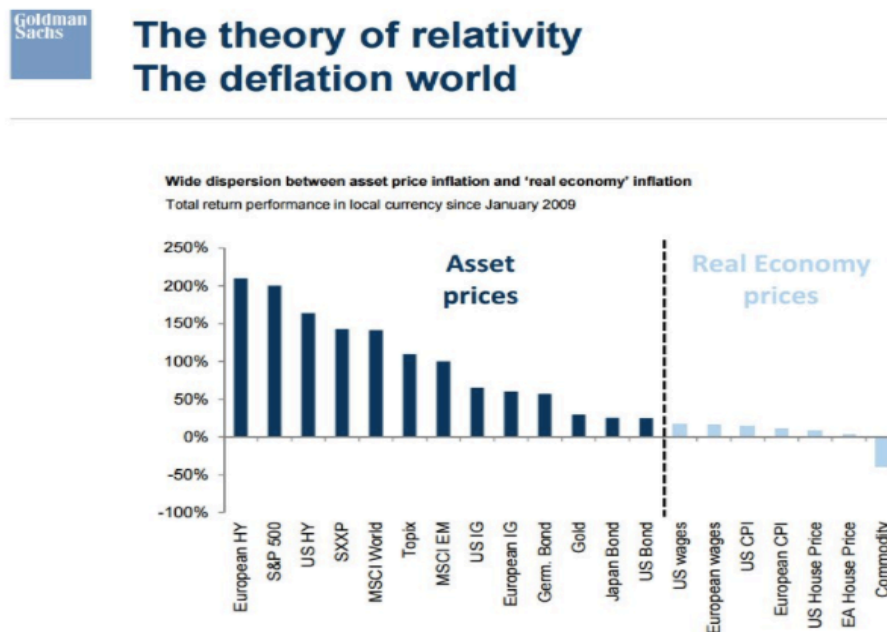
<sup>280</sup> The future currently is effectively less discounted than usual due to chronically low interest rates, making long-term low-carbon infrastructure potentially an excellent societal investment.

<sup>281</sup> Research points to the development of a dual-class system in the U.S. (Temin, 2017), a distinct risk for Canada as well as citizens of different classes live increasingly dissimilar lives.

<sup>282</sup> Part of the sting of inequality – and the rise of populism – may be due to humans' loss aversion (and interestingly, being primed to "think like a trader" can induce individuals to be less loss-averse according to Daniel Kahneman, 2011, pp. 26–7). People may sense they are losing their expectation of rising or at least stable living standards. This links to a concept one of my conversants mentioned – anomie, or the gap between expectation and reality, which may well be part of working-class white resentment in the U.S. Canada is unlikely to be immune to such sentiment, which can become all the more acute during times of economic hardship at the national or regional level.

<sup>283</sup> So few people globally would care to look into the Canadian financial system that it may be that the concept of notoriety could not possibly apply.

Compounding this risk, Canada also has an unusual amount of household debt – the highest in the world, in fact (OECD, 2017) – and it is unevenly distributed among the generations.<sup>284</sup> Studies have illustrated that debt can exact a psychological toll (Tay, Batz, Parrigon, & Kuykendall, 2016), which could be a drain on Canada’s showing in the World Happiness Report (Helliwell et al., 2017). There is almost no inflation in the real economy, in Canada as elsewhere, but asset prices and housing costs have risen dramatically:



If the imbalance above does point to a fundamental imbalance, Canada’s positive performance in the 2007-2009 financial crisis may well lead to our Minsky Moment; Canada’s apparent resilience could in fact have led to policies and practices that could cause yet greater problems down the line. An economics profession that studies the particularities of the Canadian economic and financial systems would surely help to address these growing trends; but as of now, even Canadian economists ignore their home economy. Moreover the 2010 cancellation of the long-form census, and therefore Canadians’ ability to participate in the microeconomics data revolution, was at least temporarily compromised, especially in terms of studying Canada itself.<sup>285</sup>

<sup>284</sup> This unequal distribution of equity and debt could be viewed as an extreme version of Piketty’s  $R > G$  formula, with benefits disproportionately flowing to a generation (the Baby Boomers) in addition to a socioeconomic class (particularly asset owners).

<sup>285</sup> Nine conversants mentioned the cancellation of the long-form census unprompted, including an academic who said the decision was “almost uniformly criticised, not just by economists.”

Furthermore, the self-selection mechanism among prospective economics students in Canada may be attracting individuals on the basis of considerations such as earning potential, talent for the subject, status, and/or a facility with math; yet economists end up pronouncing upon the environment, healthcare, and many other issues that these motivations do not particularly select for. Students who are interested in major policy issues such as these may well choose to study another subject, especially since the economics profession discourages work on public policy. But there is evidence that students respond well to pluralist teaching (Deane, Van Waeyenberge, & Maxwell, 2016), which could attract a greater variety of economics students to the field should there be an increase in pluralist offerings.<sup>286</sup>

The primary challenges of the 21<sup>st</sup> century – income and wealth inequality, climate change, and economic stagnation most obviously, but also the refugee crisis, gender equality, and the rise of xenophobic right-wing political movements – almost all implicate economics in some way. Income and wealth inequality necessitate a wide range of policy interventions, up to and including shifts in taxation, regulation, and global coordination. Economic stagnation, still ever-present in industrialised economies as we pass the tenth anniversary of the financial crisis, is a puzzle for economists and policymakers alike. The shift towards a zero-emissions economy, the gender effects of recessions that tend disproportionately to target jobs in male-dominated fields, and the scapegoating of minority groups in response to economic woes are all topics within which non-economic considerations have a direct impact on research agendas traditionally left to economists. These are, perhaps unsurprisingly, issues – gender, race, and the environment – that are rarely found in economics curricula, and only as electives if they are there at all. In fact, only electives have evolved within the field in recent years; required courses in economics have hardly changed in three decades (Siegfried & Walstad, 2014). The few changes that have occurred arguably pulled the discipline in the wrong direction; once a mainstay of economics programs, now “[e]conomic history is almost defunct as a required course” (ibid., p. 154).

What the world may need is some populism-antidote economics, supportive of diversity/pluralism and a liveable planet; an economics profession that has both the relevant skills and an openness to critique, diversity, adaptation, and interdisciplinarity

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<sup>286</sup> I would recommend a series of experiments that randomly assign first-year students to economics courses with different introductory approaches; this could be a good way of testing which sorts of introductions to the field attract the greatest variety and quality of students.

could be Canada's contribution to helping to solve some of the most critical questions of this century.

For a variety of reasons, the economics profession in Canada is already set to change. First, as in many academic disciplines, the Baby Boomers will retire in large numbers in the coming years and their replacements could be pivotal in broadening the field. The recent massive budget cuts to research and higher education in the United States, combined with the chill towards foreign researchers there, could pose an opportunity for the Canadian economics profession to diversify its membership. Even prior to Trump's ascendance to the U.S. presidency, there were already the beginnings of a surge in international students coming to Canada; between 2009 and 2010 alone, international student enrolment in Canada went from 4.7% of the world's international students to 7.4% of the global total (Canadian Association of University Teachers, 2015, pp. 46–7), and Canada now has over a third as many international students per year as the U.S. – a 92% increase from 2008 to 2015 – despite having only a tenth of the population (Smith, 2017).

Moreover, in an unusually pluralistic society like Canada, it does not seem far-fetched to suggest that these values might become part of the ethos of economics departments. The advantages to Canada in this regard include an openness to immigration as well as the quirk of bilingualism. Despite the fact that the Canadian university system as a whole is firmly embedded in the Anglo-American milieu, Québec still accounts for 25% of the country's population and two of its top-10 economics departments; given the meteoric rise of Thomas Piketty and the cadre of French economists specialising in income inequality – this being arguably one of the factors contributing to the recent rise in populism on both sides of the Atlantic – Canada's bilingual universities may have a role to play in connecting Anglo-American and Continental approaches to economics, to say nothing of its potential role in a more broadly international sense given the number of immigrants participating in Canadian society.

My data did not include current students of economics, so it is too soon to tell whether the cohort of economists who entered the field in the wake of the 2007-2009 financial crisis may have a different orientation towards the field than their slightly

older (and rather markedly laissez-faire) compatriots.<sup>287</sup> True, there was reportedly a resurgence of interest in economics after the crisis:

In fact, the recent economic and financial crisis has arguably made the discipline of economics as a whole more, not less, visible, and its expertise more sought-after: the deep recessions of the early 1980s and the Great Depression of the 1930s had the same effect (Fourcade et al., 2015, p. 110).

Indeed, reportedly the likes of Hyman Minsky entered economics because of the Great Depression. It is possible, then, that the economics discipline in Canada might adopt a form of countercyclical economic *thinking* such that Canadian departments are able to hire people like Minsky before their ideas become popular. The goal could be to build a positive collective reputation for Canadian universities as a group, seeing as the differences among departments appear insignificant when contrasted with the stark hierarchy in the U.S. and the UK. This would mark a cooperative, as opposed to competitive and/or ranking approach, to higher education in the country.

This could also accompany a reversal of the downward trend in publications on Canadian-specific issues (Emery et al., 2013).<sup>288</sup> Canadian economics departments could collectively use journal rankings to their advantage by deciding en masse to rate the Canadian Journal of Economics as the highest- or among the highest-ranked journals taken into consideration in hiring and promotion decisions; the expectation that its quality would improve would itself result in an increase in quality of the articles the CJE publishes – a sort of self-fulfilling prophecy or double-heuristic feedback loop of its own.

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<sup>287</sup> That is not to say that the existing younger cohort of academic economists may not eventually come to the openness to competing perspectives, appreciation of the role of government, and support for pluralism and interdisciplinarity that arguably characterises their elder peers.

<sup>288</sup> The policy ecosystem in Canada would do well to avoid some of the pitfalls of the U.S. by not leaving public policy discussions entirely to (largely privately-funded) think tanks; given that oft-repeated messages are more likely to be believed over time, a well-documented psychological phenomenon (Daniel Kahneman, 2011), a greater mix of academic research – in plain language, of course – could help to keep the debate factual.

## *Final Summary*

Research tells us a number of things about economics. Among the social sciences, the discipline is unusually hierarchical and preoccupied with rankings, including of academic journals and university departments (Fourcade 2009; Fourcade et al. 2015); all of these, in turn, are dominated by a few high-ranked American universities. This small number of prestigious institutions' economics departments preside over a field that is also increasingly homogeneous, with similar curricula now to be found in undergraduate economics education all over the world.

Canada is no exception by these metrics. Its curricula are largely homogeneous, its domestic hierarchy is clear, and it looks to the aforementioned elite American economics departments for legitimacy. It is, however, the country most influenced by the United States; a country whose economists rank third internationally in terms of publications and eminent emissaries, behind its two closest allies – the U.S. and the UK; and a country whose economists appear to differ, rather unaccountably, from their international compatriots in several ways.

Canada is an illustrative case study as it is inarguably the country most influenced by the U.S. Yet it maintains levels of societal trust and cooperation to an almost Scandinavian degree, so it is possible to glean some insight into the degree to which economics education and cooperative societal norms interact in the economics profession. Research suggests that it is not only economics students' views on the free market and the role of government that are affected by their educational experiences; so, too, is their ethical sense shaped by the economics courses in which they enrol (Wang et al., 2011). If economics education both attracts adherents to, and shapes beliefs and behaviours towards, the self-interest model, and Canada is an unusually high-trust, cooperative country, one can more easily begin to tease out the effects of economics education from that of culture in this case as they pull in somewhat different directions.

My research draws from 100 survey responses from academic economists as well as 58 in-depth interviews with economists working in a variety of roles – from think tanks to the Bank of Canada and among both the formally educated and the self-taught. It points to a few distinctive features of the Canadian economist: relative to American economics professors, Canadian academic economists are more than twice as likely to believe that executives are overpaid, and they are overwhelmingly in favour of decreasing the level of income inequality in Canada – more so than their American

colleagues, even though income inequality in Canada is substantially lower than it is in the U.S. They are also more pro-interdisciplinarity and more open to government intervention.

Further research is necessary in order to tease apart the reasons for these significant differences. In the meantime it is possible to put forward a tentative theory for discussion, as follows: The effects of economics education on economists' later political views may compound, and be compounded by, social norms and the political zeitgeist during students' formative years.

All age cohorts within my sample displayed the effects of the social norms of their time as well as the nature of the economics curriculum during their undergraduate years in particular. The oldest cohort was the most diverse in their views, and covered off the widest swath of the political spectrum; Baby Boomers were more uniformly egalitarian and pro-multidisciplinarity, although more homogeneously so; the cohort in their 40s and early 50s were markedly more right-wing than the other cohorts by almost any measure; and the economists aged 40 and under were markedly laissez-faire in some ways, yet displayed a flash of indignation on issues specific to high earners – executive pay, tax evasion, and the like.

As above, the group with by far the greatest range of political views was the oldest cohort of economists, who had – perhaps not coincidentally – been exposed to the broadest range of economics curricula during their university years. Since that time, the range of political views among Canadian academic economists appears to have shrunk, with the two poles of the political spectrum now represented mainly in think tanks outside of academia and in self-taught citizen economists such as the COMER members this research examined.

In the Canadian academic economics profession, diversity – of thought, political views, and demographics alike – is to be found in a few pockets only: for example, in non-economics departments, economics departments in certain universities (but not in the top-ranked departments), and women economists.

If indeed groupthink is one of the chief afflictions of the discipline of economics at this time, as the IMF's own Independent Evaluation Office found following the 2007-2009 financial crisis (IEO 2011), further research could examine which factors may contribute to an increase in diversity – in terms of both demographics and political views – within the academy. A diverse cohort of Canadian economists could contribute to countercyclical economic thinking, which in turn could serve as partial protection

against future economic crises. Indeed, Canada's economic trauma of the 1980s, and the caution it instilled in its economics practitioners, arguably delayed the deregulatory trend that took hold elsewhere and helped to avert economic catastrophe in Canada during the 2007-2009 financial crisis. In short, Canada may have already benefited from countercyclical economic thinking in the past, but it is now increasingly at risk of groupthink should its economics profession's current demographic and political makeup remain as it is.

Nevertheless, such homogeneity is not necessarily destined to hold. In a field that is, among the social sciences, by far the most resistant to knowledge from other disciplines, Canadian academic economists are by all appearances global outliers. My research suggests that they are significantly more open to knowledge from other disciplines than groups of economists elsewhere; relative to American academic economists, they are almost twice as likely to believe that interdisciplinary knowledge is better than knowledge generated from a single field, and the older cohorts surpass even U.S. sociologists in this regard.

There also appears to be substantial openness to the critiques of the discipline among Canadian economists, and substantial agreement on the areas in which improvements in economics education need to be made. Further research is necessary to determine whether this philosophical humility is unique to Canadian economists or whether it is to be found in the discipline more generally, but certainly Canadians are in line with everyone from business economists in the UK to the pluralism students' movement in having identified particular deficiencies to be addressed in economics curricula. These groups' common recommendations include a renewed emphasis on history, institutions, and social norms in economics.

The importance of these three factors is in evidence in this very dissertation. My research suggests that social norms may have a more profound effect on economists' beliefs than their formal education in economics, and that historical and institutional factors – especially during economists' formative years – may have a life-long impact on Canadian economists' political beliefs. There also appear to be educational, geographical, and cohort-related effects on economists' beliefs that, together with the effects of Canadian social norms, combine to form an image of a discipline that is less polarised, more pro-interdisciplinarity, and substantially more accepting of a role for government in economic policy than that of their economist brethren in the U.S.



As Canadian economists say themselves, their discipline needs to take better account of history, institutions, and social norms. But if the first step is to recognise the problem, Canadian economists are already en route to change; in doing so they may usefully draw from Canadian social norms and cultural values that typify the country – such as multiculturalism and diversity, egalitarianism, and cautious good government. As the world grapples with challenges such as populism and xenophobia, climate change and migration, secular stagnation and low productivity, and the demographic- and automation-related changes roiling the labour market, a diverse and immigration-friendly country whose economists recognise the role of good government, institutions, social norms, and history could be a boon to the field of economics. Canada could be that country.

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## Appendix I

Research questions (regarding economics education, economic policy, and financial markets) that arose in the case of my research:

1. When Robert Mundell won the Nobel Prize for work that he had published in the Canadian Journal of Economics, did that affect the ranking of the CJE?
2. COMER sued the government to force the Bank of Canada to lend to the federal and provincial governments at no interest. Many of the economists I spoke with thought this would cause inflation. Would it be possible for the Bank of Canada to lend to the provinces, charge a bit of interest to reduce moral hazard and the risk of inflation, and reinvest the profits in healthcare and education?
3. Is it possible that professors overestimate rich people's mobility because they were themselves willing to (and were expected to) move anywhere for a job?
4. Is there an "everything bubble" and/or a housing bubble, and is the increasing size of the financial sector relative to the real economy a concern? Is it possible that inflation is happening, but it is being mismeasured because it is only occurring in the housing sector and financial markets, which are not included in the Consumer Price Index (a common measure of inflation)? If we are operating on the assumption that inflation is low, when in fact it is merely uneven, how does that affect the reasoning around the setting of interest rates? Also: what happens to the economy (and housing/stock prices) when the Baby Boomer generation begins to, en masse, convert housing stock (with inflated values, arguably) back into real-economy goods and services such as homecare?
5. How should we think about derivatives and the rest of the shadow economy? How big are capital markets and real estate relative to the real economy and to the shadow economy? Why are the data poor/sparse on this question?
6. If productivity gains since World War II were largely due to bringing women into the workforce and to technological advances, what happens when there are no more groups to add to the workforce and technology is no longer able to deliver the same productivity gains in perpetuity (presumably 3D printers and the internet will ensure

that both communication and industrial production are both instantaneous and available across all geographical regions)? If productivity gains are over, what happens to all of the equations/models that use them as an assumption/input/variable? What does this do to growth-dependent economic plans; are they no longer viable, or must they be adjusted somehow?

7. Is an inflation-, productivity-, and interest-constrained growth-based economy possible?

8. With high and rising housing prices in many major cities in Canada, and the resulting necessity for young people to seek help from their parents in purchasing a home, could this dampen Canada's impressive level of social mobility in the medium- or long-term?

9. How would the wholesale implementation of the Housing First<sup>289</sup> strategy across Canada interact with the housing bubble?

10. If Monnin's research (2017) is correct, and stimulative monetary (as opposed to fiscal) policy increases wealth inequality but decreases income inequality, what would be the long-term effects of the ongoing low-interest rate regime? The lower socioeconomic classes have a higher propensity to consume (and therefore not accumulate wealth); how does this and Monnin's findings affect Piketty's  $R > G$  equation?

11. The work of Kumhof and Ranciere suggests that high-income people's savings must be matched by loans to low-income people who will eventually be unable to repay their debt, resulting in a financial crisis. If this is true, does the system tend towards usury/debt burdens for the lower classes?

12. Are interest rates always based on risk analysis in the case of payday loans? Would lower-class and upper-class people with identical credit scores be offered identical interest rates on a loan, or are preferential rates offered to upper-class people in order to secure future business? If the latter is the case, what are the long-term equity implications once compound interest is taken into account?

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<sup>289</sup> A program in which homeless people are housed, for free, as a basis for subsequent employment and treatment programs. Housing First has been shown to save money, in addition to the obvious humanitarian benefits.

13. Is there a tax system in existence that perfectly (or close to perfectly) counteracts Accumulative Advantage?
14. How did Justin Trudeau's team come to the decision to campaign on an anti-austerity platform in the 2015 election?
15. Is there a geography effect (e.g. proximity to Ottawa) in terms of Canadian economists' political orientations and involvement with public policy issues? Is there a geography effect in terms of certain economics departments' ties to the UK?
16. Is it that heterodox thinkers never join the field, that they do not stay in the field, or that they adopt mainstream views and become no longer heterodox?
17. Do Canadian economists tend to share the views and outlook of the wealthy, or the educated?
18. If economics students were to be taught that elites behave more like *homo economicus*, could that have the unintended effect of encouraging and/or inducing the self-interest norm among the students? Would the opposite tend to happen if economics students were to be introduced to the idea of Canada's cooperative social norms?
19. Did taking time off have an effect on survey respondents' views on various issues?
20. If the Black-Scholes equation was initially inaccurate until it was well-known and used by finance professionals, could the same thing happen with Universal Ownership Theory?<sup>290</sup> As per Ghoshal's point about the double heuristic (a self-fulfilling theory), if stating and re-stating a rule makes it true, like the Black-Scholes equation or inflation targets, could Universal Ownership Theory could take hold and become reality? If so, could stock prices – which are really expectations of future value – begin to reflect long-termism and systemic risk? Company policies that advanced the growth of the middle

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<sup>290</sup> The theory that universal owners of capital – investors so large that they must hold a more or less representative slice of the whole market – inherently have an interest in the long-term performance of the economy as a whole as they cannot reasonably stock-pick their way out of risks (relating to financial crises, climate change, etc.).

class, the reduction of carbon emissions, and an emphasis on research and development would then presumably be rewarded in the market, as all of these are tied to the long-term health of the economy.

21. If divestment and ESG (environmental, social, and governance) investing within public equity systems cannot in fact shift capital (only ownership), might it be necessary to change the composition of the stock market as a whole in order to mitigate climate change and the like? If so, this would presumably involve de-listing coal companies and other high-emissions entities in addition to increasing the number of climate-friendly IPOs (Initial Public Offerings). How might this be done?

## Appendix II

Below are a series of recommendations (for economics education and economic policy) on the basis of my research. I would emphasise that I am far from an expert on this, and all of what follows warrants further research.

1. One or more Canadian economics departments could conduct a randomised control trial for students admitted to two different first-year economics classes – one the standard first-year fare, the other based on a pluralist curriculum – to see if a change in curriculum could affect the demographics of economics students and therefore, eventually, of the profession.
2. One or more Canadian economics departments could experiment with offering a pluralist course for students looking to join the field of economics later in life; this course could, itself, increase the diversity of the discipline.
3. Economics departments in Canada could agree collectively to boost the ranking of the Canadian Journal of Economics in terms of their internal hiring decisions. If they did this all at once, the expectation of the quality of the journal would improve, which could in turn affect the actual quality of the journal – these rankings are, in many ways, as self-fulfilling as many other aspects of finance/economics.
4. The CJE, and indeed all other economics journals, should implement a policy of anonymity in submissions to journals (and double-blind reviewing) in order to eliminate bias in the process.
5. The economics profession as a whole should draft a plain-language list of priorities for the resurgence of political economy and economic history (and possibly institutionalism) in Canada, including as regards funding and academic publishing, as per many of my conversants' comments (and the results of my survey, which showed that 60.2% of respondents thought there should be more economic history in the curriculum; only 2% of respondents thought there should be less).
6. Economics departments, or even individual economics professors, might consider experimenting with ways of counteracting the usual effect economics education has on

prosociality among economics students. This may involve emphasising the view of humans as cooperative animals – reinforcing that as the social norm in the process – and teaching the work of economists such as Nobel Prize-winner Elinor Ostrom, which would also add another woman to the reading list.

7. Several conversants lamented the decline in Royal Commissions, which have often shaped Canadian economic policy in the past. The government could consider striking a Royal Commission on inheritance taxes, the future of the Alberta oil sands, and any number of other issues Canada will have to contend with in the coming years.

8. The federal government could consider passing legislation eliminating bounced cheque fees or basing the fees on a percentage of the deposit; having run out of money is punishment enough, and these fees are essentially a tax on the poor.

9. The federal government could consider publicising a list of large-scale tax evaders (and/or repeat offenders). As per Braithwaite (Braithwaite, 1989), elites are more sensitive to public shaming because they have the most status to lose; shaming tends to be more effective than punishment in this case.

10. If implementation time lags are the major issue with counter-cyclical fiscal stimulus spending, perhaps the government could assemble a dossier with complete plans for projects that can be “shovel-ready” in the event of a recession – including pre-signed contracts with the relevant contractors and the like.

11. The government should consider enacting legislation that would mandate that capital gains be taxed at 100% of income, but adjusted for inflation so as not to punish long-term investors.

12. Municipalities and the provincial and federal levels of government should work together to implement the Housing First program across Canada.

13. As per the comments of a few of my conversants, “regulators should be paid more, they should have status, in order to attract some really smart people – because they’re always behind the innovation curve.” The government should consider improving the

wages and working conditions of financial sector regulators and the Canadian Revenue Agency.



## Appendix III

Please see below for conversants' views on usury, capital gains taxation, and carbon taxation:

### Usury

The purpose of a question about usury – where interest ends and usury begins, according to conversants' personal beliefs – was two-fold. First, I hoped to gauge their reaction to a term – “usury” – that is loaded and rife with moral undertones.<sup>291</sup> Second, I wanted to assess whether conversants were familiar with the circumstances of people living in poverty and with the role power plays in one's interactions with the financial sector: the wealthy, as a rule, are not at risk of being charged usurious levels of interest.<sup>292</sup> I asked the question towards the end of the interview, as it elicited hesitation and even irritation in many of my otherwise genial conversants. Of all of the questions I asked, this one – along with the question about human nature – was most likely to elicit a negative response and, sometimes, to change the tenor of the interview.<sup>293</sup>

As a group, and with one (rather unexpected, given his other answers) exception, the most extreme responses came from Montréal-based professors – McGill, UMontréal, and UQAM conversants. One said: “I guess . . . Any agreement that's come to in an open competitive market I'm fundamentally not going to condemn” and that if there is only one lender, “they can get your whole reservation price – they can get the whole area under your demand curve. And even so, it's still a voluntary transaction. [. . .] So I guess I

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<sup>291</sup> Moreover, the understanding of the term has changed dramatically in Western culture in the past several hundred years; in most cultures until the advent of modern capitalism, all interest was morally condemned as usury (Laulajainen, 2000).

<sup>292</sup> Microfinance institutions commonly charge between 20% and 60% on small loans to people living in poverty, for example, even though some of the borrowers have had their credit scores screened (Hudon, 2007). It is difficult to believe that a wealthy person with an equivalent credit score would be charged such a high rate of interest for anything but the riskiest of enterprises.

<sup>293</sup> As a follow-up question I asked conversants to guess Canada's current legal interest rate limit. Two conversants actually knew the limit, which is 60%, and one guessed it correctly, but aside from these, no one came close to the real total and nearly everyone was surprised to hear what it was; almost all estimates were in the 20%-30% range, with one at 10% and two at 50%. Interestingly, upon hearing what the limit was, most of my conversants ‘connected the dots’ and realised that the target of the legislation was likely the payday lending industry; they had never seen such interest rates in the course of normal financial transactions (and it is likely that none of them had ever done business with a payday lender themselves). The follow-up discussion therefore changed the tone of the conversation again in some cases, as conversants reasoned their way through the complications of this industry.

don't like the term usury. [. . .] I think usury begins wherever monopoly begins, and lack of choice begins [. . . although] people who are facing monopolists are in a vulnerable position."

When I asked whether he would advocate for a limit in cases of monopoly, he said, "I'd advocate for competition" and that monopolies "are usually created by some government," going on to opine that even if you are in a corner of Canada with only one bank, it probably will not overcharge you because other Canadians "could be listening," which would be a risk to the bank's reputation.<sup>294</sup>

His colleague was similarly firm, but more accurate; he correctly identified the figure of 60% for the current interest rate limit in Canada, referred to usury as a religious concept that is used in Islam, and proceeded to say, simply, "The economic system itself determines what the interest rate is" and that there will always be people who are outside "the normal range of risk" who would be unable to get a loan except at a high rate of interest.

Another Montréal-based professor paused for a remarkable length of time before answering: "Ppph . . . When . . . [further long pause] . . . When the interest the lender is asking is above the market price." I asked if this would be the case even if the rate is higher than 100% and he responded immediately, "It's never going to be 100%." When I raised the issue of the compound interest of payday loans, he said, somewhat cryptically, "Anything I cannot explain in a rational fashion is unfair, so to speak."

A fourth Montréal-area professor was the only one in this group to express concern about usury as a concept, but he too had some interesting preconceptions regarding the reasons for the use of payday loans. The industry did clearly bother him, however; he guessed that credit card interest rates were around 18% and that payday lending operations were probably charging

*way in excess of that. Which I find highly depressing. I find it actually exceedingly depressing that there is this industry. [. . .] I mean, I understand that they're providing a social service. They're clearly providing a social service. They're providing a social service that I think is unfortunately in demand. And I'd like to live in a world where that wasn't in demand. That's very pie-in-the-sky and fuzzy, a bit naive perhaps, but anyways.*

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<sup>294</sup> We did not have time to explore that scenario further, but this professor did not mention communities with no bank at all (including a substantial proportion of First Nations), communities with a financial institution that does not have a national franchise (and therefore has no nation-wide reputational risk), the reality of a payday loan industry that does not seem overly concerned with reputational risks, and so on.

He initially put forward the idea that the payday lending industry existed solely because people do not have bank accounts and therefore cannot cash cheques at all. Although this probably happens sometimes, and indeed 3% of Canadians are estimated to be “unbanked” (MacKay, 1998), there were surely other factors in many cases:

Professor: “My understanding is that the payday loan industry exists only because, basically, people who have a payday don’t have bank accounts, right? Because in a world of bank accounts, they would deposit their cheque in the bank account or it would get deposited automatically or they would deposit their envelope of cash in the bank account, and then they would take out what they needed. Which would completely obviate the need for a payday loan. So in my view, this thing can only exist for people that either do not have or do not want to have, cannot have, for some reason, a bank account. Which strikes me as just a terrible situation. And I don’t understand the cause of it. But it just to me is a depressing marker for society that we have payday loans. Unless I completely misunderstand them. Have I misunderstood them?”

Me: “Well, I’m not sure if – I think that’s part of it, and then I think also it’s usually an advance; at the end of the month people run out of money . . .”

Professor: “Yeah, right. So let me add the second thing. So the other thing about the payday loan is that people are on fumes at they end of their payday, right? That means they have zero stock of money, right? They don’t have, you know, two paycheques sitting in a bank account, or four, or half – they’ve got zero. So that’s equally depressing in my view.”<sup>295</sup>

My question to another Montréal-area professor prompted the following exchange:

Professor: Interest comes from the fact that people value things that they can get now more highly than they value stuff they can get a year from now. Usury I’m not too worried about on the whole, except . . . it would only come in situations of monopoly, imperfect competition of some kind, monopoly power. [. . .] So the question there is are these nasty, exploitative people who should be banned, or do they serve a useful social purpose? I think the jury’s kind of out on that. [. . .] So if you’re willing to admit that degree of irrationality, and I think I am, it’s probably the case that some of these payday loan operations basically are taking advantage of some kind of fundamental individual irrationality. So there is an imperfection, a market failure, there might be room for government intervention to step in and make things better, but [. . .] can you really be sure that the government itself is going to make things a lot better?

Me: So if you were to put a limit in place, where would you put it?

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<sup>295</sup> For many people living under the poverty line it would surely be unlikely to have two extra paycheques’ worth of money in the bank, let alone four. Indeed, studies have demonstrated that a significant percentage of the adult population would struggle to manage even a modest unanticipated expense; a recent poll shows that 48% of Canadians are less than \$200 away from being unable to pay their monthly bills (Ipsos, 2016).

Professor: A number? On interest rates? I wouldn't do that. Because [...] there are arbitrage possibilities, right? The bank is charging you too high an interest rate, if you've got any kind of an extended family you might be able to turn around and get a loan from your cousin . . . so it's only in situations where there's some sort of really binding monopoly power is in effect, for geographic reasons or whatever, in the short run, that I think it would be problematic.

He appeared to assume that most people had extended family or social networks with resources to lend, and that "monopoly power" was a rare condition within the market. That geographic as opposed to socioeconomic factors would come to mind first was also notable. He was surprised that there was an interest rate limit ("I think that – I'm surprised – well, I'm not surprised that the government *thinks* it knows a number, but I wouldn't be very confident about the number that they come up with."), and even more surprised by the fact that it was 60%, which he seemed to try to justify upon hearing it, saying, for example, "credit card debt is highly risky" so the lender has to be compensated for that risk. He went on to say:

Once again, I can imagine circumstances in which you're faced with some sort of unexpected expense, and you've got all your savings in some sort of illiquid guaranteed – or you don't have any savings. And, I don't know, your wife has just died and you're not going to get any of her inheritance money for four weeks because it's tied up at the notary and you need money to get through until the next week. Sixty percent a year might be a reasonable interest rate for that kind of circumstance.

His examples – of an inheritance held up at the notary, or savings in illiquid form – were quite manifestly unimaginable for many people living in poverty, and made it seem as though he had not thought much about the circumstances of payday lending customers. Among my academic conversants, this professor took some of most *laissez faire* positions, and to an almost unique extent he had found ways to justify his pro-market orientation whenever possible; I noticed at least three instances in the interview in which he proposed a market solution, then proceeded to re-labelled it a government intervention when it was shown not to work. For instance, this professor raised the example of the price of generators in a snowstorm:

Professor: Should you allow prices to rise to clear the market? There you're really faced with the fundamental trade-off between redistribution and efficiency. By allowing prices to rise in order for the market to clear, then you're ensuring that people who value, at the margin, generators most highly are the ones who are going to get them. But they might also be highly correlated with the richer people, so there is an issue of redistribution. I don't even want to pretend necessarily that

I'm the government, but if I were to do so, you might want to say that the best thing to do would be to step in and give people lump-sum transfers, so if we were going to give everybody, say, 600 bucks and you do what you want with it, and that could include going out and renting a generator.

Me: But wouldn't that then raise the price of it by about 600 bucks?

Professor: [*Laughs*] Yes. So, this is the old law of unintended consequences. [*Laughs again*] So that's probably not the smartest policy you could come up with. And most interventionist type of policies you could come up with are probably going to have unintended side effects as well.

A UCalgary professor also used the example of generators after a natural disaster, saying:

Well, here I'm influenced by my discipline; economics tends to think that as long as it's a voluntary transaction, you set the price where you think you can get and it will send a signal to the market that we need more generators, or we need more of this or that. I think that within a community, for example, people will often not try to gouge each other, because there's more at stake than just making money in that case, but if you're talking about an anonymous market I don't see any reason why someone who I don't know wants to charge me a high price for a generator that I desperately need – they're entitled to do that. I don't have to buy from them. So I don't really see a moral problem with that. But I think if you're talking about within a community [...] there's reciprocity; communities do all kinds of things for each other [...] that are not market-based transactions and anybody who doesn't recognise that and would try to gouge someone in their neighbourhood in a crisis situation is probably not really thinking it through.

Interestingly, he cited the thinking of his discipline in laying out his reasoning, and seemed to hold a number of assumptions: that the market would have time to respond to an increase in demand for generators in a crisis, for example, or that consumer choice would come into play in an emergency ("I don't have to buy from them" – but what about an emergency situation?).<sup>296</sup>

The same professor, when asked about payday loans, said:

I think they're fine, with one caveat, which is that if people are very uneducated and they don't really understand what they're getting into, what they're buying or what they're giving away, then I think that it's morally problematic, [...] – but even then, I think that you can't push that argument too far either, and you don't want to assume that just because it's a poor neighbourhood that they don't have the right to demand cash on the spot even at a high interest rate. [...] Presumably it's a

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<sup>296</sup> I suspect many people would view such a scenario as being outside the realm of "market-based transactions," and indeed in the case of floods and storms in Canada there tend to be stories of sharing and mutual aid that would render the market price of generators largely irrelevant.

competitive market so if it really is a terrible deal, why isn't somebody else moving into the neighbourhood and offering a better rate? So I don't really see big problems with that. But I can imagine situations where it'd be clearly exploiting people's naiveté.

His UCalgary colleague was similarly opposed to setting a limit on interest rates, but was clearly uncomfortable with the question. He began by saying, after a pause: "So long as I respect the law, and I don't do anything immoral, then I should be able to take advantage of you economically," provided there is no coercion – even in the case of someone selling a kidney. "I'm pretty 'small-l' liberal in a British sense about that," he said. When I asked him about payday loans, however, he said, "See, there are always those areas of grey – so interesting!" He went on to say that "you can't legislate it away anyway" and that attempting to do so just drives it underground, as is the case with drugs, which are "horrible, horrible, horrible" but should nevertheless be legalised and regulated; he claimed to be "pretty sure it would be better" for governments to put cartels out of business in this case.<sup>297</sup>

A Western professor was similarly uncomfortable with this issue:

Usury! What a question for the last question! Some moneylenders gouge just the way some ice cream stores gouge kids for their ice cream and I don't see very much difference. And some moneylenders enforce contracts with a rather terrible degree of roughness that I wouldn't want to see any kind of contract enforced with. But between Smith and Bentham I'm on Bentham's side. Smith was very much in favour of usury laws.

He went on to say that usury laws had been very influential in the evolution of monetary policy in the UK, where there had been a 5% limit, and that states in the U.S. had low interest limits when he was there as a student, which resulted in dubious work-arounds on the part of the banks – "so usury laws are a real nuisance."

I was particularly interested in hearing from the bank chief economists on this issue, since they were the only conversants on the lenders' side of the equation. One of them said firmly, "I'd default to the markets – the collective wisdom of many over the infinite wisdom of one," and that the interest rate is based on the "cost of borrowing, the default risk," and other factors. However, he went on to say:

Some of the extremes, like that payday lending stuff, that's usury because they quote an interest rate for a week; if you were to annualise that it's in the hundreds

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<sup>297</sup> If we had had time, I would have been interested in exploring the issue further; interest rates limits could be viewed as a form of regulation of the legalised industry of payday lending, which has its parallels in the legalisation and regulation of drugs.

of percent. You could probably talk to somebody in the industry, but I'm not sure that it's related to the credit profile of the individual, [. . .] whereas if you look at lending within the financial community, they do extensive data analysis on the probably of repayment.<sup>298</sup>

This conversant's counterpart at another bank said:

I think it's extremely unfortunate that people have to use those services. I think it's probably over the line in terms of the costs. But it is a service they're providing. What can you say? It's better than loan sharks. Not to be trite. I do believe they should be heavily regulated. But they do provide a real service that obviously some people do need.

When asked what he thought an appropriate limit would be, he said, "I think maybe we should look at credit card rates as a sort of upper limit, [. . .] maybe with a service charge too" – around 20% on an annualised basis. It was rare that any economist in my sample was willing to cite a number they were comfortable with, and interestingly this was on the lower end – quite remarkable for a bank chief economist.

A fellow chief economist laughed at the question, saying, "Talking to a bank chief economist? I mean usury is in the mind of the beholder," the more relevant question being, "Are there interest rate tipping points that cause economic damage?" It is a "sad fact" that many people in the U.S. use payday loans week to week, he said, not having seen data on Canada or Europe, "but that goes back to your income distribution issue; that goes back to the poverty issue" as these services are a symptom of these problems, and they exist because people need them. When I asked whether there was a rate that was too high, the response was, "There are many things that can be regulated in that particular market space. And in fact these are huge organisations now. It's a phenomenon that's grown very dramatically." They take on "exceptionally high-risk individuals with a risk of losses that are very high" and they are "developing that market niche, as economists would say." He identified alternatives such as microfinance and crowd-funding, but acknowledged that it was a problem.

Although there were some exceptions, in general most of the COMER members, heterodox economists, CCPA economists, and PEF-affiliated academic economists I spoke with took an even more dubious view of high interest rates than the aforementioned economists. One COMER member seemed to view all interest as usury,

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<sup>298</sup> This was an interesting point – that interest rates may not be based on risk analysis in the case of payday loans. In other words, there may be no explicit link between risk level and interest rate, which was a factor several conversants cited in justifying high interest rates.

while a heterodox economist said that usury begins anywhere beyond a nominal interest rate of zero, citing Turkish finance. A PEF-affiliated academic economist said that “as someone who looks at payday lending, it’s relative to the income of the person who can pay it,” referring to the prohibition on usury as a “core principle in the Koran,” asking, “do we have to go over 20%, ever?” A second COMER member cited Islamic finance as well, pointing out that mortgages are illegal in Islam; there is no variable interest, but rather a fixed fee at the beginning. “The insidious thing about interest is that it never stops. It’s a mild form of loan-sharking,” he argued, proposing instead that interest not exceed increases in the Consumer Price Index.

A third heterodox economist said, boldly, “I’m in favour of a permanently low interest rate. Let’s always leave it at 2%. Let’s never move it.” I asked, “For everything?” He responded, “For everything, yeah. [. . .] Usury is exploitation, that’s what it is.” He then back-tracked, saying that the rate did not have to be 2%, necessarily, but low, and the loan market should be regulated. I asked whether that would prevent high-risk individuals from getting loans, and he raised the issue of the subprime mortgage crisis, saying, “There are some people that shouldn’t be getting in debt that much”<sup>299</sup> and that these issues are tied to inequality.

Another heterodox economist acknowledged that lenders want a high rate of interest in exchange for lending to a high-risk borrower. But he said of the views of his fellow Post-Keynesians:

We argue that if the real rate of interest, so taking inflation into account, is approximately equal to the rate of growth of labour productivity, then what you have is a fair rate of interest. And the reason is the following: if the wage share remains roughly constant, then the rate of growth of labour productivity is going to be approximately equal to the rate of growth of real wages.<sup>300</sup>

But the lines were not so clearly drawn along political lines or those of economic heterodoxy. One PEF-affiliated economist effectively refused to engage with the question, saying, without disclosing her own opinion:

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<sup>299</sup> This comment was notable in that it was the only case in which a conversant disputed borrowers’ claims to credit – that some loans simply should not happen, or are abusive.

<sup>300</sup> The idea here is that if one lends the equivalent of 10 hours’ worth of work, one will receive 10 hours’ worth in return a year later (even though the wage rate per hour may be different by that point). “We call it the fair rate of interest. [. . .] Roughly speaking, this is what the rate of interest should be,” whereas credit card rates of 20% seemed to him to constitute “usury.”



I don't have any views on that. [. . .] Usury is a moral term. That's the moral prohibition against usury. [. . .] There's an emerging tradition in Islamic economics, banking that looks at alternative ways of financing [. . .] but is there a line in the sand? This is something that was legislated historically – an interest rate above x percent is usury, right, and then people kind of gave up on drawing those lines.

A similarly ambiguous response came from a CCPA economist who questioned whether a person could manage the debt and whether it was eating up a large proportion of their income, “which it probably shouldn't,” but went on to cite a study showing that some U.S. payday lenders had a much more personal relationship with customers, and much greater flexibility, than banks. “This isn't an argument for payday loans, but [. . .] you need the service.” When I asked whether an interest rate of 50% would be usurious, the response was “probably,” but that it was “a more difficult question,” wondering aloud whether banks could be forced to be more flexible with low-income individuals or whether credit unions could accommodate people who were too risky for the traditional banking sector.

A centrist think tank economist had clearly considered the matter deeply, citing the example of his nanny paying 28% on a car loan because of a previous bankruptcy and pointing out that she will pay two or three times the cost of car in the end – “that kind of stuff is clearly offensive,” he said, especially as he himself was borrowing at a much lower rate (3%) on many hundreds of thousands of dollars for a house. “A lot of people don't have the framework or wherewithal to know that,” he said, especially because compound interest is not intuitive. He seemed conflicted, acknowledging that “thinking like an economist means you don't get taken advantage of – if you don't have those skills, it makes it a lot easier to make bad decisions. [. . .] I worry about that . . . we should be teaching people” about financial literacy and the like (“basic financial literacy – there are huge returns to that”), and “with credit cards that's one area where you can at least force disclosure.” He said payday lending was “offensive, but it's also offensive for the government to tell businesses what they should and shouldn't be doing.” If his nanny failed to take the time to check out other offers, if someone wants to sell and someone wants to buy, “I don't put 100% of the blame with the person who's lending the money. [. . .] There's some scope to protect people from flagrant abuses, but there's also general responsibility on businesses to behave ethically and also on people to look at their options and read the fine print.” When I mentioned that the current interest rate limit was 60%, he responded, “see, that's madness – it's basically loan sharking” and described the conundrum of running out of food in advance of a Friday paycheque.

One mainstream economist seemed similarly conflicted, beginning by saying, “I think what people worry about is that kind of exploitation, when people in vulnerable positions are charged way more than other people. But at the same time, it’s perfectly legitimate to charge higher rates of interest to people who have a higher risk of default.” He then pointed out that it was difficult for small businesses and low-income people to get loans because at that level of interest it is harder for them to pay the loans back, further compounding the problem. He added that profiteering legislation had been enacted in wartime because “when everyone is making a sacrifice for the common good,” profiteering “really offends people.”

Another mainstream professor paused for a long time before citing Islamic finance and its “funny deals” to get around the interest prohibition. “I think the whole notion of usury got into religion, which I guess is where it started, as an unfair taking-advantage of people in a powerless position.” He thought that usury was a bad idea, and that it did not make people happy to take advantage of others like that, but that there was not a specific number that constituted usury: “If you see it as usurious, it is.” He felt that people should not be forced or coerced into lending other people money, however, although there are probably grounds for capping rates in some circumstances despite the fact that regulations in this area did not seem to work particularly well. He finished by saying that payday loan rates “can be monstrous” and that in conditions of scarcity people’s minds do not work very well – all in all, his was one of the more distinctive approaches to the question I had heard.

There was almost universal discomfort with this question, but a couple of economists even seemed somewhat offended by it. One mainstream professor, despite going on to comment quite explicitly on the power imbalance issue, said directly, “I don’t like that term, usury. It’s very value-loaded. And economists try to steer clear of normative or value-loaded terms. Which is not to say usury doesn’t happen – sure it does. Particularly it happens when you have people in an unequal power position.” He went on to say that payday lending did constitute usury; “It is usurious. But it is legal.” I asked him whether there were some rates that are legal but nonetheless usurious and he responded almost impatiently, “Yes, yes,” going on to say that a Chicago School type would say the market is efficient and therefore should set interest rates; “more left-of-centre people would say, ‘give me a freakin’ break – the market is not efficient; you have an unequal power position, and one person is ripping off another person.’”

Another mainstream professor expressed some minor hostility in responding immediately to my question as to what level of interest usury began, “Probably at about 10%.” When I asked why, she responded, “You asked me a weird question. I mean, defining usury depends on who you are and where you stand,” that it constitutes usury when poor people pay 30% a year because they do not have a choice, and that it matters “whether they’re literate or numerate.” She then paused, saying, “I was being very flippant in saying 10%. It’s a very complicated question.”

Finally, the question elicited a more visceral response from one Montréal professor, the exception among his colleagues in the city – perhaps due to his modest beginnings. He pointed out the contextual nature of interest rates and risks of default, yet went on to say: “But certainly when I see 29.9% on my credit card I think that’s abusive [*laughs*]. That’s ridiculous.” But although that would be abusive for a mortgage, it may not be for a credit card, so it depends, he said. He then guessed correctly the current interest rate limit of 60%, commenting again, “That’s ridiculous.”

### Capital Gains

In asking conversants for their views on capital gains taxation, my hope was two-fold: to determine their opinion on the issue itself, but also to identify Canadian economists’ social norms around capital gains taxation. The former was straightforward; the latter involved noting which level of capital gains taxation the conversants assumed a) to be the proposal under consideration or b) to be in need of a defence.<sup>301</sup>

The centre-right think tank economists were the most obviously uncomfortable with the question, and gave less direct answers.<sup>302</sup> One Conference Board economist merely said, “Well, I think we want incentives for people to invest and create reasonable

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<sup>301</sup> For example, a conversant might a) believe that capital gains taxes should be eliminated but b) think that the Canadian norm is capital gains taxation at the reduced rate of 50% (the status quo policy). Their approach to this question will be to justify why the rate should be lowered, and to argue that the current rate is too high. Another conversant may assume that other economists want to eliminate the capital gains tax entirely, and s/he may want to retain the status quo. Therefore s/he will defend the status quo and argue that a zero-taxation policy is a bad idea. Through such answers it is therefore possible to discern a) what the conversant is assuming the norm to be and b) their own opinion.

<sup>302</sup> This was true of think tank economists in general, while academic and bank economists displayed a remarkably consistent tendency to respond directly to questions, as I will discuss further later.

returns and create jobs,” and declined to elaborate further, instead directing me to a colleague for an answer. His colleague elaborated somewhat, but deflected the question to a discussion about various forms of taxation: “We need a fundamental review of the whole tax system” because of low growth and productivity; “capital gains tax is just one of many many tools.” When I asked what he would recommend, he replied, “Sales tax is the most stable base [and . . .] also the least distorting. [. . . We] need a much simpler tax system.”

Conversely, a C.D. Howe conversant invoked a consensus among economists to argue for the status quo – preferential treatment of capital gains, with taxation at 50%.<sup>303</sup> The C.D. Howe conversant in question seemed to hold the implicit assumption that the case for lower capital gains taxes was the side of the argument that needed defending, detailing that case before setting out his main reason for opposing the elimination of capital gains taxes altogether:

Most economists who look at the effects of taxes on behaviour and growth, I would say – I said most economists, but certainly there’s a large number that think that taxing saving and taxing investment is not very helpful. The more you tax saving and investment the more you incline people to consume in the present, and that’s likely to be a problem for building your resources over time and if you go too far down that road then you worry that the next generation might not live as well as their parents did.

This conversant noted that reduced capital gains taxation benefits small business owners and that it is preferable to be in sync with income taxation, but in general he was in favour of not “discouraging” people from investing and saving in Canada, claiming that it is not “efficient” and that the tax system should be “neutral.” He continued, however, “I think that taxing [capital gains] at a reduced rate makes sense [because] people would find a way to turn their income into capital gains” if they were not taxed. “A lot of very very wealthy people own small businesses, so it can actually be quite a regressive policy.”

The latter concern was echoed by two academic conversants; interestingly, they fell near the opposite ends of the political spectrum. One had been an early player in the Chicago School-esque rise of Western’s economics department; somewhat surprisingly, he said that “the trouble with not taxing them is any smart accountant can fit a lot of income into capital gains. That’s the real problem.” But he went on to say that taxing

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<sup>303</sup> This is as opposed to taxing capital gains at the full 100%, exempting them from taxes entirely, or some other balance between the two.

them as income “treats the proceeds of risky enterprise the same as a stable salary” and advocated instead for consumption taxes with perhaps a surcharge for high incomes. His counterpart on the PEF end of the political spectrum said of capital gains taxes:

I’m in favour of taxing capital income – I’m in somewhat of a minority view on that. But I think there are lots of reasons to tax capital income. One of the reasons is that if you don’t tax capital income there are too many possibilities for tax avoidance – by making labour income look like capital income. [. . . We] should have some taxes on capital gains, just as we should have taxes on investment income in general.

Her further concern was that reduced capital gains taxes would translate into an increase in taxation of labour income and consumption, “which has undesirable effects on the economy.” But she acknowledged the complexity of capital gains policy:

In an ideal world you would wish to tax real returns rather than nominal returns, so you have to find some way of dealing with inflation. The special treatment of capital gains under the income tax system can be thought of as partly a way of dealing with inflation; it can be thought of partly as a way of integrating the corporate income tax and the personal income tax. I don’t think it does either of those things particularly well.

Strikingly, the latter position turned out to be the dominant view of the bank chief economists as well. Among these conversants, there was a general acceptance – even defence – of the status quo; one chief economist stated explicitly, “I agree that dividends and capital gains should have preferential tax treatment.” For another, “I think we’re about okay where we are right now,” while a third said, “I actually think that how they’re treated now is appropriate.” This individual went on to echo the concern of the PEF-affiliated academic, saying, “I mean, it’s not ideal; I do think that if you’ve had an investment for a long period of time there’s a pretty strong case to be made that it should be inflation-adjusted.” This position was echoed by several of the others as well; one of the economists in favour of the status quo believed that we should ideally have a system that reflects risk and allows people to deduct losses, calculating gains in real as opposed to nominal terms,<sup>304</sup> but that the current 50% inclusion rate is “a crude balance [. . .] people always forget that, and they think that capital gains are tax favourable.” But if you bought something 20 years ago and are taxed on gains since then, “that wouldn’t be very fair either. [. . .] We did have a 100% inclusion rate at one time, and we’ve been reducing it since.”

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<sup>304</sup> “Real” returns take inflation into account, while “nominal” returns do not.

Two of my conversants seemed keen to avoid answering directly. One launched into the features of an ideal tax system, declaring, “you want a fair structure,” but then asked the question: “Are our private equity firms paying their fair share? Probably not,” going on to explain that “you want government to be as neutral as possible” and not pick winners and losers, although “some things on the tax side are probably not fair.” After contrasting the Canadian attitude towards taxes with that of the U.S., this conversant circled back to their bank’s approach: “We try to stay as neutral as we can.” Despite my questioning, I never did uncover this conversant’s opinion on capital gains taxation. A second reluctant conversant, an academic, deployed similar tactics, referring to the “endless amount of debate” on the subject. “Do I think we should have incentives that favour capital gains, in other words investment? Absolutely. The question is how much.” When I asked how much, however, the response was thus: “I’ll let Jack [Mintz] answer that one.”

From the two remaining bank chief economists it was revealing to see from which direction they thought the argument would come – that capital gains taxes should be raised or lowered (or even eliminated). When asked whether the rate should be changed, one of them immediately assumed that I was referring to their elimination, launching in to defend them by saying that if we did not have capital gains taxes we would have to raise the money elsewhere. He claimed to be comfortable with the status quo, “unless you want to shrink government, which I don’t necessarily advocate. [. . .] Most of the people who earn capital gains are wealthier people.” His counterpart at another bank argued that capital gains should be taxed at a lower rate than income taxes, noting that the U.S. has an estate tax and a tax on capital gains from residential real estate, implying that this might be a good idea in Canada as well. She seemed shocked when I asked whether capital gains should be eliminated, however:

No – that would just widen the income gap. I do believe that in a country as rich as ours or the United States that it’s unconscionable that you’d have child poverty or terrible public schools in certain districts, in the U.S. anyway, no access to good healthcare. So all of that has to be paid for.

Among mainstream academic economists, there was general support for the status quo, often seemingly in defence of the idea of taxing capital gains at all. When I asked one high-profile conversant whether she was in favour of capital gains taxes, she said, “Yes, sure.” When I mentioned that this was somewhat rare among certain groups of economists to whom I had spoken, she replied:

I would say there's a profit there, you made it based on information or connections or whatever, and so it's reasonable that it should be taxed, but not at a high rate. And sure, I can imagine there are economists who say it shouldn't be taxed at all, because that inhibits investment. Given what I learned in the financial crisis, I think we can afford to impose that kind of taxation at a reasonable level.

Another mainstream economist thought capital gains should be treated as income, and that the only question was whether there was double taxation – but that the current system adjusts for that, which “seems to me it's a fair system.” He referred to Jack Mintz as the expert on the matter, but went on to say: “But regardless of how you earn income, you should pay tax on it. There's nothing special – I earn a wage versus John who just lives off his investment income.” A mainstream colleague, when asked whether she supports capital gains taxation said clearly, “Yes. I haven't thought very deeply about it.” Another mainstream colleague concurred, saying, “I think it's an essential part of the tax system,” as did a PEF-affiliated colleague who said, “Yeah, generally.”

A left-leaning academic economist offered a critique, however, saying “we know that we do that incredibly stupidly.” This person detailed the macroeconomics and public economics angle, which is that capital gains taxation is taxing investment, but went on, “At the least, we should tax capital income the same as we tax labour income” as opposed to the status quo in Canada, which essentially means that self-employed people are taxed at half the rate as everyone else – this, he said, “seems insane.”

The heterodox economists in my sample were yet more explicit. One said:

Let's raise 'em – up up up up. I mean, that's the source of inequality. If you *have* money you can make a lot more money with lower taxes. And I don't want to say that you shouldn't, if you've worked hard and made good money and you want to invest it, you know, sure – but let's not give away the store.

One of his heterodox colleagues went a step further; when asked whether he was in favour of capital gains taxes, he said:

Sure. Especially now. The reason for which capital gains were not fully taxed as regular income was the argument that inflation was creating these “fake” capital gains, that they were not real capital gains, they were nominal capital gains due to 10% inflation and so on. But now at 2% or near 0%, capital gains should be taxed at 100%. It's not capital gains – once again – it's not capital gains that induce firms to invest more – it's sales.

In the end, only one economist I asked specifically about capital gains taxes, an academic and one of the most right-wing economists in my sample, genuinely

entertained the idea of eliminating the tax entirely. Even in this instance, he came at the idea from an oblique angle, first noting that there was a great deal of literature on the taxation of capital income before going on to say:

It depends on a whole bucket full of assumptions, but a lot of people would say the optimal rate of taxation on capital income, or wealth, is zero. Because the demand for capital is so elastic in the long run that basically the main effect that you're going to get from a wealth tax or a tax on capital income is to reduce the worldwide capital stock.

He added hastily: "That doesn't mean – you can still have progressive taxation," then reiterated that there was the option of retaining a progressive taxation system by way of his preferred tax, a consumption tax: "You can have a progressive consumption tax," he said, because at the margin high levels of consumption can be taxed at a high rate. Taxing capital is "really distortionary," however. I asked him whether he was, indeed, in the camp of economists who opposed taxing capital gains. "That's more tricky," he said, later declaring he is uncomfortable "with a very high rate" of capital gains taxation – "and you can get most of the redistribution you want, if you think redistribution is important," by applying a progressive consumption tax.

On the other end of the spectrum, non-academic progressives tended to adopt a power analysis in explaining their views. One COMER member said of capital gains that "generally the legal provisions for things like that benefit the better-off much more than poorer folk. And that's a trend that's getting worse rather than getting better." One CCPA economist, in recommending that we tax capital gains in the same way as income with a deduction for inflation, echoed that sentiment, asking "if you've got access to the levers of power, what are you going to advocate for? You're going to advocate for your own benefit." Yet another PEF-affiliated economist concurred immediately: "Oh, yeah. I would oppose any preferential tax of financial investment income." He also put preferential treatment of capital gains in the context of other forms of tax advantages for capital income, identifying RRSPs,<sup>305</sup> RESPs,<sup>306</sup> and the like as tax shelters – "and now TFSAs<sup>307</sup> is a big step towards just eliminating tax on capital income, which is shockingly audacious."

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<sup>305</sup> Registered Retirement Savings Plan, a tax-free savings vehicle for retirement.

<sup>306</sup> Registered Education Savings Plan, a tax-free savings vehicle for children's later educational expenses.

<sup>307</sup> Tax-Free Savings Account – a tax-free savings vehicle; investment income from this is not taxed, even when it is withdrawn.



## Carbon Tax

Carbon taxation was one issue about which there was near unanimity, with minor variations mainly according to sector and geography. Almost everyone was in favour of pricing carbon, many citing economists' preference for pricing mechanisms and the internalising of externalities in expressing their support. Of 23 direct responses to a question about carbon taxation, only two conversants expressed real reservations. A Fraser Institute conversant laughed nervously before responding: "Ha. Well, the easy answer is conceptually, on a blackboard, I am," but that "in the real world of politics it doesn't stay as a carbon tax," including in B.C., where he claimed it was unevenly applied and therefore misunderstood. "I don't know an economist in the world who wouldn't agree with [a carbon tax]," but it never works as planned.

A conversant from C.D. Howe emphasised that he was offering a personal opinion before saying, "I think that it's awkward to try to figure out the carbon content of things" and where along the chain the tax should be applied; he did not think the tax should "hit" producers, which can cause them to agitate as a lobby group. Instead he advocated for a VAT;<sup>308</sup> "that way you'll discourage the consumption of resources of all kinds," we can avoid incentivising "silly things" like biofuels, and it would be more "transparent" and fair. He thought that both carbon taxes and the VAT would be unpopular, however, as they are "very visible to consumers."

The bank chief economists gave some of the most detailed answers, aside from one who simply said, "I am in favour of a carbon tax." Two others expressed concern about acting without matching commitments from an international coalition. One said, "you don't want to run too far ahead of the pack," that there should be a global focus and an emphasis on technology-sharing, but that his generation (the Baby Boomers) were acknowledging the "damage that has been done," and continued: "We all get accustomed to what's 'normal' to us [. . . but] we can't get stuck in the way we used to do things because [we'll be] a dinosaur. [. . .] I think the carbon tax is the easier, simpler way to go."

One bank chief economist who had otherwise been on the progressive end of the political spectrum relative to his colleagues took a surprisingly negative view; he said that "economists are big fans of carbon taxes" and "probably 95% of economists" would favour them over specific regulations. This, he went on, would be society's cheapest way

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<sup>308</sup> The Value Added Tax, a sales tax that increases at each stage of production (according to improvements to the value of the item in question).

to reduce carbon, but the drawback was that if only one country did it, the result would be to shift oil production from Canada to Venezuela, for example. He claimed to be in favour of a carbon tax, ultimately, but he did not like the “mishmash” of policies among the provinces. He went on to say that although climate change is a problem, and the science is right (although “highly uncertain on the magnitudes”), Canada should only act when others do, or it will fail to make any difference – “this is one area where I’ve agreed with Stephen Harper all along.” He spoke of the success of ozone pollutant regulation, saying that this should have been in place ten years ago for carbon. He added that the U.S. coal sector is way worse than the Alberta oil sands, but we view each coalmine and factory as separate, whereas we lump the oil sands together as one.

The other three bank chief economists came out more or less unambiguously in favour of a carbon tax. The first indicated, “I would say I am [in favour . . .] I think we at least need to be seen, if not in fact, to be playing our role, and I do think it’s a relatively efficient way to do it” and that it is preferable to cap-and-trade because of the “potential fraud” associated with a carbon tax and the difficulty of accounting for differences in the provinces’ economies. He claimed that cap-and-trade may be more saleable than a carbon tax because it is not “overt” – “although, to her credit, Kathleen Wynne said if you want to call this [cap-and-trade agreement] a tax, this is a tax. [. . .] But I just think a straight carbon tax is a fairer way to do it” and it has worked well in B.C.

A second bank chief economist also cited B.C. as a largely positive example, saying, “I think carbon taxes are vastly more efficient than trading credits – it’s simpler, less prone to political manipulation.” He worried that the environmental movement was becoming “single-issue” in focusing on carbon – he felt water was the big issue, although less so in Canada – but suggested that “the only way you change behaviour is to change relative pricing. Or convenience.” When I asked whether he preferred pricing mechanisms over regulation, he said, “It’ll be a mixture of both. I’m an economist – I like pricing mechanisms. But we know that there are certain issues” for which regulation is necessary as well.

The third bank chief economist was more unequivocal; he averred, “Yeah. We should definitely be pricing [carbon],” and he would “prefer” a carbon tax as it is “simpler.” He criticised the hypocrisy of the federal government over the course of decades of international climate change negotiations, asserting that with Kyoto and Rio “we were running the greatest deceit in the world [. . .] and again, that’s not the monopoly of the Conservatives;” the Liberals have been hypocrites too.

Perhaps most surprising was that two academics at UCalgary, a major beneficiary of oil and gas industry funding located in an oil-dependent province, brought up carbon taxation unprompted and clearly came out in favour in both cases. One professor even had a history of consulting for the oil and gas industry, yet mentioned signing a pro-carbon tax statement, stating, “I would say the overwhelming majority of economists in Canada” are in favour “because it conforms perfectly with the economic model instead of tampering in many ways.” He raised the concern that the carbon tax is currently too low to be effective; when I asked whether the level was high enough in Alberta, he felt it was hard to know and that we should study the effect of the tax over time – but that, ultimately, “it’s consistent with economic theory.” His colleague, who also mentioned carbon taxes unprompted, claimed that most economists and even oil companies are in favour of carbon pricing, but that it needs to be clear and predictable and provide certainty. He thought that the carbon tax should be higher, and that gas taxes should increase in order to reduce the motivation for people to buy big SUVs.<sup>309</sup>

Similarly, a professor associated with the rise of Chicago School-style macroeconomics in the 1970s and 1980s stated, unprompted, “I find [Harper’s] discussion of things like carbon taxes to be absolutely incompetent or dishonest. [. . .] It may be that he’s such a prisoner of the oil industry that he dare not tell the truth about that. But he really ought to know better.” When I asked directly whether he was sympathetic to calls for a carbon tax, he exclaimed, “Oh sure!” and said that B.C.’s tax seemed to be working well.

Given that multiple conversants, including one from within the organisation itself, had identified the Conference Board as being – alongside the C.D. Howe Institute – slightly right-of-centre, it was somewhat surprising to see the unanimity and lack of ambiguity in their support for carbon taxation; all three Conference Board conversants came out in favour, one volunteering, “I would also put a price on carbon, by the way. And I would do that through a carbon tax.” His colleague said, “I think carbon taxes do have a role” and have worked quite well in B.C., “partly because of the mechanisms they put in place to redistribute the funds. [. . .] Carbon is something we have to be worried about. No question. Transitioning off of fossil fuels, from a scientific perspective, is something that needs to be done.” The third Conference Board conversant concurred, saying he was “all in favour of cleaning up the environment” and that, if you think emissions are the problem, you have to go to the root of it, although he did not think

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<sup>309</sup> Sport Utility Vehicles – notoriously gas-guzzling vehicles.

government should get too involved in choices because “in the end it’s the consumer who pays.” He was ultimately unequivocal, however, stating, “I think a carbon tax is the best way to get at it” and that it should be incremental, going up slowly, “forever.” As might be expected, professors from B.C. expressed support for carbon taxes across the board. One said simply, “We have a carbon tax, and I am in favour of it.” Another declared, “Oh yeah,” mentioning some work he had done on it and identifying it as “classic Pigouvian taxation – [ . . . ] You can tax working, when we like working, or you can tax polluting when we don’t like polluting. What do you choose?” Carbon, and fossil fuels in general, he pointed out, are also simple to calculate: “You buy a gigajoule of natural gas, it’s very easy to measure. You’re done!”

A third B.C. professor asked, “It’s quite clear, right? What’s not to like about the B.C. tax, right?” It makes people aware of which things are carbon-intensive, and “takes some of the very obvious externalities and internalises them. But it’s not enough.” Carbon taxes and other such solutions are “mechanistic, self-centred;” he continued, “the really big changes in environmental behaviour are going to happen when social norms change, and they can happen very big-time when the social norms change.”

The conviction that carbon taxes were just one aspect of the solution to climate change was repeated by a heterodox economist at the other end of the country, who was “absolutely” in favour of a carbon tax but maintained that we could also raise the price of gas, invest in public transit, and a lot more.

In general, however, heterodox economists were largely quiet on the environment. One heterodox professor gamely responded to my line of questioning as to the compatibility between Post-Keynesian theory and the reality of a finite biosphere; he admitted that this was a source of tremendous disagreement among heterodox economists, as environmental economists tend to favour zero-growth models, while Post-Keynesians’ models all rely upon continuous growth to offset deficit spending. One PEF-affiliated economist spoke at length about climate change: “If you think like an economist you believe incentives matter, and so if carbon is more expensive people will use less of it, and that would be a good thing.” Her trouble was with taxes on domestic automobile use and the like; “well, those taxes are regressive. There’s no way of getting around that – carbon taxes are regressive.” The government could issue refunds, as they

do in B.C., but they tend not to be well-targeted.<sup>310</sup> “If you’re thinking about where it would really make a difference, the really horrendous stuff like the bitumen in Alberta [. . .] if you have serious carbon taxes you’re going to kill the oil sands, right? Is there a political will to do that? I’m not sure.” Of the oil sands she said:

I find them very scary – the environmental damage, the tailing ponds – we haven’t really got a solution for those tailing ponds. [. . .] You’re talking about major potential destruction of entire ecosystems – think about the consequences of that for agriculture, think of the consequences of that for food sustainability [and] watersheds [. . .] The problem is people can’t imagine the scale of it.

A CCPA economist viewed carbon taxes as an environmental boon, but also a source of revenue for infrastructure, healthcare, and other public goods; “I actually would argue we’re going to have to raise revenues to move into the 21st Century.” As a rule, carbon taxes enjoyed support across the board; as one mainstream academic economist asserted, “These are ideas that I think are good. You use the self-interest of individuals and you guide that self-interest into a public direction.” A financial economist with an international perspective, remarking on Canada’s inaction on climate change, put it succinctly: “We’re out of step with the rest of the world, and we’re going to suffer for it.”

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<sup>310</sup> They can end up largely going to university students, for example, who have relatively low incomes but who were not emitting much carbon in the first place and are therefore unlikely to further reduce their emissions.

## Appendix IV

I intend to invite a panel of Canadian economists to critique my thesis after submission. I have selected economists from a variety of backgrounds, with an eye to diversity of employment, gender, race, and ideology. I suspect only a few of them will have the time or inclination to submit feedback, but any critiques from Canadian economists themselves would be useful in the extreme. I will invite the following:

Bill Watson  
Frances Woolley  
Armine Yalnizyan  
John Helliwell  
David Laidler  
Jean-Francois Wen or Ron Kneebone  
Jim Davies  
Jack Mintz  
Don Drummond  
Avery Shenfeld, Doug Porter, or Craig Wright  
Stephen Tapp  
Marc Lavoie  
Angie Redish  
Krishna Pendakur  
Wendy Dobson  
Charles Beach or Lorne Carmichael  
John Chant  
Chris Ragan  
Steve Ambler  
Sherry Cooper  
Jim Stanford  
Glen Hodgson  
Ben Dachis

## **Appendix V**

People I wish I had interviewed (or tried unsuccessfully to interview) and whom I will attempt to contact for interviews after my final submission date:

Sylvia Ostry  
Kari Polanyi Levitt  
Grant Reuber  
Jack Knetsch  
Mike Veall  
Professors from Waterloo, Manitoba, and Dalhousie  
Donald Moggridge  
Robert Mundell  
Paul Hellyer  
Beata Caranci  
Dick Lipsey  
Miles Corak  
An economist from IISD